

CONSUMER INFORMATION SOURCES

FEDERAL CITIZEN INFORMATION CENTER (FCIC)

Pueblo, CO 81009

Phone: 1 (800) FED INFO

Web: www.pueblo.gsa.gov

Part of the U.S. General Services

Administration, FCIC is a one-stop source for consumer information from the federal government. The free Consumer Information Catalog lists more than 200 free and low-cost publications on topics such as cars, child care, education, federal benefits, money management, food, health, housing and travel. Order a copy of the Catalog from the FCIC website or call 1 (800) FED INFO (that's 1-800-333-4636) between 8 a.m. and 8 p.m. Eastern Time, M-F. You can also get a copy by sending your name and address to FCIC at the address above.

FIRSTGOV

Web: www.FirstGov.gov

The official Web portal for the U.S. government, FirstGov.gov links you to government representatives, services and information at the federal, state and local level. You can get easy-to-understand information from the government 24 hours a day, seven days a week. Similar information is posted in Spanish at www.Espanol.gov.

CENTER FOR THE STUDY OF SERVICES

733 15th Street, NW, Ste. 820

Washington, DC 20005

Phone: 202-347-7283 / Fax: 202-347-4000

www.checkbook.org

This nonprofit organization publishes information and services to help you choose and get the best price when making purchases such as autos, major appliances, audio-video equipment, doctors, hospitals and health care plans. In the Boston, Chicago, Philadelphia, Washington DC, Seattle, San Francisco and St. Paul/Minneapolis areas, a subscription to CHECKBOOK magazine will give you information on many local services as auto repair, cell phones, plumbers, and banks.

CONSUMERS UNION OF U.S., Inc. (CU)

101 Truman Avenue

Yonkers, NY 10703-1057

Phone: 914-378-2000 / Fax: 914-378-2900

www.consumerreports.org

CU is a nonprofit, independent consumer organization that researches and tests goods and services such as automobiles, appliances, food,

clothing, luggage, and insurance. Some of the information is free via the Internet, radio and television. Print publications including subscriptions to the monthly Consumer Reports magazine must be purchased.

CONSUMER WORLD

www.consumerworld.org

Consumer World is a public service website with links to hundreds of consumer resources available on the Internet. You will find consumer news, product reviews and shopping bargains. Directories provide contact information and web links for many corporations and government agencies.

COOPERATIVE STATE RESEARCH, EDUCATION, AND EXTENSION SERVICE (CSREES)

The Cooperative State Research, Education, and Extension Service of the U.S. Department of Agriculture has been a source of consumer information and assistance for decades. With an educator in nearly every county, Cooperative Extension brings the research-based knowledge of the land grant universities directly to families and communities. Programs cover food and nutrition, housing, gardening, budgeting, using credit, saving for retirement, and more. To locate your county office, check the blue pages of your phone book or visit www.reeusda.gov.

LIBRARIES

Publications from many of the organizations mentioned on this page can be found at public libraries. Some university and private libraries also allow individuals to use their reference materials. Check your local telephone directory for the location of libraries near you.

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QUICK CONSUMER TIPS

A savvy consumer is always on the alert for con artists and other shady efforts to separate you from your money. To protect your money and avoid being a victim of fraud, keep these things in mind:

- 1. A deal that sounds too good to be true usually is!** Offers that often fall into this category are promises to fix your credit problems (p. 17), low-interest credit cards (p. 16), deals that let you skip credit card payments (p. 16), business/job opportunities (p. 20), risk-free investments (p. 28), and free travel (p. 30).
- 2. Extended warranties or service contracts are rarely worth what you pay for them.** See page 1 for questions you should ask before you say yes to one of these contracts.
- 3. Say no to credit insurance offers.** Often offered with credit cards, car loans and home mortgages, it is almost always better to purchase regular property, life, or disability insurance. See page 14.
- 4. There is no universal three-day cooling-off period.** Don't be misled into thinking that you have an automatic three-days for canceling a purchase. Only a few types of contracts give you a right to cancel. See Your Rights: 3-Day Cooling-Off Rule on page 7.
- 5. Think twice before sharing personal information.** Protect your privacy and avoid unauthorized use of your personal information by following the advice on page 7.
- 6. Beware of payday and tax refund loans.** Interest rates on these loans are usually excessive. Even a high-interest cash advance on a credit card may be a better option. See page 15 for more information on these costly credit options.
- 7. Not all plastic cards offer the same protections.** Your liability for the unauthorized use of a gift card (see stored-value cards on page 13) and debit/ATM card (p. 14) may be much higher than the \$50 maximum on your credit card.
- 8. Real estate agents represent the seller—not the buyer.** When buying, consider hiring a buyer-broker who represents you. See page 22.
- 9. Home improvement (p. 23) and auto repairs (p. 12) are the subject of frequent complaints.** Second opinions are especially important when you are dealing with a repair service you do not know.
- 10. Think twice before you rent-to-own. Interest rates on rent-to-own purchases can be very high.** If you miss a payment, you could end up with nothing. Consider other options such as buying second-hand at a thrift shop or through ads in your local newspaper.

Research suggests senior citizens, people in crisis (e.g., coping with a death or debt), college students, small business owners, minorities, and immigrants are especially at risk of being victimized. Avoid making big-ticket purchases during times of duress.

TIPS FOR USING THIS HANDBOOK

PART I – BE A SAVVY CONSUMER

Read this section for general advice on shopping for goods and services as well as an explanation of your consumer rights and responsibilities. The Table of Contents on page v and the Index on page 150 will help you quickly locate specific topics and information.

PART II – FILING A COMPLAINT

Turn to this section for suggestions on resolving consumer problems. A sample complaint letter on page 40 will help you present your case.

PART III – CONSUMER ASSISTANCE DIRECTORY

Look here for contact information for corporate offices, consumer organizations, trade groups, government agencies and other sources of assistance.

VISIT US ONLINE

A searchable version of this Handbook is available online at www.ConsumerAction.gov

PART 1: BE A SAVVY CONSUMER

Before you spend another dollar, invest a few minutes reading this section of the Handbook. The Federal Citizen Information Center (FCIC) has brought together information from federal agencies and various consumer organizations to help you make smart choices and avoid scams.

GENERAL BUYING TIPS

BEFORE YOU BUY

To avoid problems and make better decisions, use this checklist BEFORE you make a purchase.

- Decide in advance exactly what you want and what you can afford.
- Don't buy on impulse or under pressure. This includes donating to charity. Do your research.
- Ask family, friends and others you trust for advice based on their experience. Gather information about both the seller and the item or service you are purchasing.
- Review product test results and other information from consumer experts. See Consumer Information Sources on page iv and check the Handbook index for more information.
- Get advice and price quotes from several sellers.
- Make sure that the seller has all appropriate licenses. Doctors, lawyers, home improvement contractors and many other service providers must register with a state or local licensing agency. See page 79.
- Check out a company's complaint record with your local consumer affairs office (p. 79) and the Better Business Bureau (p. 128).

- Get a written copy of guarantees and warranties. Compare their features.
- Get the seller's refund, return and cancellation policies.
- Ask whom to contact if you have a question or problem.
- Read and understand any contract or legal document you are asked to sign. Make sure there are no blank spaces. Insist that any extras you are promised orally be put in writing.
- Consider paying by credit card. If you have a problem, you may not have to pay the charge made on your credit card. See page 16.

SERVICE CONTRACTS AND EXTENDED WARRANTIES

Sellers of cars, major appliances and other expensive items may try to sell you a service contract or "extended warranty." Service contracts can add hundreds to your purchase price and are rarely worth the cost. Some duplicate warranty coverage you get automatically from a manufacturer or dealer. Ask these questions before you agree to one of these contracts:

- Does the dealer, the manufacturer, or an independent company back the service contract?
- How are claims handled? Ask who will do the work and where it will be done.
- What happens to your coverage if the dealer or administrator goes out of business?
- Do you need prior authorization for repair work?
- Are there any situations when coverage can be denied? You may not have protection from common wear and tear. And some manufac-

GENERAL TIPS • SHOPPING FROM HOME

turers do not honor contracts if you fail to follow their recommendations for routine maintenance.

PRODUCT SAFETY RECALLS

Ready to buy a used vehicle or other second-hand product? Check to be sure it hasn't been recalled for safety reasons. Some recalls ban the sale of an item while others ask consumers to return the item for replacement or repair. Sometimes a seller provides a part that reduces the danger of using the product. Two websites post information on current recalls:

- www.Recalls.gov—This site lists government-initiated recalls, streamlining access to information from federal agencies.
- www.pueblo.gsa.gov—A listing of both government and industry-initiated recalls.

AFTER YOU BUY

What you do after you buy can be as important as what you do before you buy. These steps will help you avoid as well as deal with any problems that might pop up.

- Save all papers that you get with your purchase. Keep all contracts, sales receipts, canceled checks, owner's manuals and warranty documents.
- Read and follow product and service instructions. The way you use or take care of a product might affect your warranty rights.

SHOPPING FROM HOME

You can order all kinds of things from the comfort of your home using the telephone, mail, or a computer. But along with this convenience come common complaints of late delivery, shipment of wrong or damaged items, and hidden costs. To avoid problems and to make it easier to resolve them when they do happen, be sure you follow the advice in the Before You Buy checklist on page 1. In addition:

- **Know your seller.** If you don't, do some research:
 - Company websites often provide information in a section called "About Us." Some online sellers participate in programs such as BBBOnLine that help resolve problems. Look for a logo or

BEWARE: CHARITABLE GIVING

Investigate before you donate. Some con artists use names similar to well-known charities or pretend to be raising money for state or local law enforcement agencies.

- Ask for written information, including how much of the money raised is actually used for charitable purposes.
- Ask your Secretary of State if the charity is registered to solicit in your state.

Check the Better Business Bureau (p. 128) and others for information on charities: www.give.org, www.charity-watch.org, and www.guidestar.org. See also Youth Peddling on the next page.

endorsement seal on the company website. This is an indication, but not a guarantee, of the seller's reliability.

- Another way to check online sellers is to look for other consumers' comments. Visit www.bizrate.com where consumers rate online stores. Some Internet auction sites post ratings of sellers based on comments by buyers. This information may give you some idea of how you'll be treated, but beware of too many glowing stories that might have been placed by sellers themselves.

- **Be wary of post office boxes and sellers in other countries.** It may be difficult to find the seller to resolve a problem later.

- **Know the total price.** Make sure it includes all charges—shipping, handling, insurance and taxes. Coupons and other discounts should be properly deducted.

- **Make sure you are clear on what you are buying.** Watch for words like "refurbished," "reconditioned," "close-out," or "discontinued."

- **Protect your personal information.** Use a secure website to help protect your credit card from misuse. For more advice concerning privacy on the Internet, see Online Privacy (p. 8).

- **Never send your credit card number by e-mail** because e-mails are not secure. If you are not comfortable providing your credit card number online, ask whether you can call or fax it.

- **Give your credit card, debit card, or bank account number only if you're using that account to pay**—never to prove your identity.

SHOPPING FROM HOME

- **Keep a record of your purchase.** Keep track of what you ordered, when, the price, and how you paid (check, money order, charge, etc.). Also save any information the seller gives you such as product description, delivery date, cancellation policy, privacy policy, warranties, and order confirmation numbers.

- **Keep track of your order.** If it's late, see: Your Rights: Shopping from Home on this page.

For more information about shopping online, visit www.ftc.gov/bcp/online/pubs/online/payments.htm and www.safeshopping.org.

ONLINE AUCTIONS AND SELLERS

Many private sellers sell items on the Internet through auctions, classified ads, newsgroups, and chat rooms. Unfortunately, these types of sales are a very common type of Internet fraud. Resolving disputes can be difficult when the seller is in a different part of the country. Be aware that government agencies may not be able to help you since many laws don't apply to sales between individuals. Follow this advice as well as the general tips on shopping from home.

- **Check how the auction works.** Can you cancel a bid? Don't assume that the rules used by one auction site apply to another. Some sites offer step-by-step instructions that will take you through the bidding process.

- **Find out what protections you have.** Does the site provide free insurance or guarantees for items that are not delivered or what the seller claimed?

- **Follow the strategies used in any auction.** Learn the value of the item you are bidding on. Establish your top price and stick to it.

- **Don't bid on an item you don't intend to buy.** If you're the highest bidder, you have bought it. Auction companies often bar those who back out of a deal from future bidding.

- **If the seller can't accept payment by credit card, use an escrow service.** Your money is held by a third-party until you get your purchase and approve release of your payment to the seller. There is a small fee, but the peace of mind is worth it. Auction company eBay recommends Escrow.com which is backed by Fidelity National Financial Corporation.

- **Be wary of sellers who insist you use a specific escrow service**—especially if you have never heard of that particular service before. Check out the escrow service just like you check out sellers of other services. One warning signal you may not be dealing with a legitimate company is a web site that has grammar and other simple mistakes.

YOUR RIGHTS: SHOPPING FROM HOME

When you order something by mail, phone, fax or computer, the Federal Trade Commission requires the company to:

- Ship the merchandise within the time promised, or if no specific delivery time was stated, within 30 days of receiving your order;
- Notify you if the shipment cannot be made on time and give you the choice of waiting longer or getting a refund; and
- Cancel your order and return your payment if the new shipping date cannot be met—unless you agree to another delay.

If you cancel, your money must be refunded within 7 days (or your account must be credited within one billing cycle if you charged the order). The company can't substitute a credit for other merchandise. If you applied for a charge account with the merchant at the same time that you placed your order, the company has an extra 20 days to ship the merchandise to allow time for processing your application.

This FTC rule only applies to the first shipment of magazine subscriptions or other merchandise

BEWARE: YOUTH PEDDLING

Some for-profit companies use young salespersons to sell magazines and other items door-to-door. They trick consumers into believing they are giving money to legitimate charities because consumers tend to support young persons and youth programs. If a young person solicits you, ask for identification verifying the organization's name, address and purpose. If the representative can't provide this information, ask them to leave. Report suspicious people to your local police department and/or contact the child labor division of your state labor department listed in the phone book. Even if you are satisfied with the information provided, don't feel pressured to make a purchase or contribute. See also Charitable Giving on the previous page.

SHOPPING FROM HOME • TELEMARKETING

that you receive repeatedly. Orders for services (for example, photo finishing), sale of seeds and growing plants, collect-on-delivery (C.O.D.) orders, and transactions such as books and music clubs are covered by a different FTC rule. There may also be laws or regulations in your state that apply. Report suspected violations to your state or local consumer protection agency (p. 79) and to the FTC (p. 124).

YOUR RIGHTS: 3-DAY COOLING OFF RULE

When you buy something at a store and later change your mind, your ability to return the merchandise depends upon store policy. If you buy an item in your home you may have three days to cancel. This Cooling-Off Rule also applies to purchases of \$25 or more at your workplace and places rented by a seller on a temporary basis, such as hotel or motel rooms, convention centers, fairgrounds and restaurants. Enforced by the Federal Trade Commission (p. 124), the Cooling-Off Rule requires sellers to tell you that you have three business days after the sale to change your mind. At the time of the sale, the seller must give you two dated copies of a cancellation form (one to keep and one to send) and a copy of your contract or a receipt showing the salesperson's name and address and explaining your right to cancel. The contract or receipt must be in the same language that's used in the sales presentation.

To cancel a purchase, sign and date one of the cancellation notices and send it by certified mail postmarked before midnight of the third business day following the sale. Saturday is considered a business day, but Sunday and legally-recognized holidays are not. Keep the other notice of cancellation for your records. If you were not provided with this form at the time of the sale, your three-day period doesn't start until you receive it from the seller. You can also write your own letter to cancel the order.

Once you have canceled, you must be given a refund within 10 days. The seller must notify you of the date for product pick up, and return of any trade-ins you gave as a down payment. Within 20 days, the seller must either pick up the items, or reimburse you for mailing expenses.

Be aware that there are situations in which the Cooling-Off Rule does not apply:

- You made the purchase entirely by mail or telephone.
- The sale was the result of prior contact you had at the seller's permanent business location.
- You signed a document waiving your right to cancel.
- Your purchase is not primarily for personal, family or household use.
- You were buying real estate, insurance, securities, or a motor vehicle.
- You can't return the item in a condition similar to how you got it.
- You bought arts or crafts at a fair, shopping mall, civic center, or school.

Remember that if you paid by credit card and are having difficulty getting your refund, you may also be able to dispute the charge with your credit card company under the Fair Credit Billing Act. See Resolving Credit Problems on page 16.

TELEMARKETING AND SPAM

Junk mail. Phone calls just when you sit down to eat. Spam cluttering your inbox. Pop-up ads when you are surfing the net. What can you do about all these ads that waste your time and hassle you. Actually, there is a lot you can do!

- Tell companies you do business with to remove your name from customer lists that they rent or sell to others. Look for information on how to opt out of marketing lists on sales materials, order forms and websites.
- Contact the three free services provided by the Direct Marketing Association to remove you from most national telemarketing, mail and e-mail lists (p.143).
- Call the credit reporting agencies' notification system at 1-888-567-8688. This will reduce the number of unsolicited credit and insurance offers you get. All three major credit bureaus participate in this program.
- Under U.S. Postal Service Rules it is illegal to send mail that looks like it is from a government agency when it isn't. It is also illegal to send mail that looks like a bill when nothing was ordered-unless it clearly states it is not a bill. Report violations of this rule to the USPS (p.127).

TELEPHONE CALLS

The federal government's Do Not Call Registry is a free and easy way to reduce telemarketing calls to your home. To register, visit www.donot-call.gov or call 1-888-382-1222 from the phone you want to register. Your number will stay in the registry for five years unless you take it off the registry. After five years, you will be able to renew your registration. If you get restricted telemarketing calls after your number has been in the national registry for three months, you can file a complaint using the same web page and toll-free number.

Placing your number on this national registry will stop most telemarketing calls, but not all of them. Calls from political organizations, charities, and telephone surveyors are still permitted. So are some calls concerning insurance. Organizations with which you already have a relationship can call you for up to 18 months after your last purchase, payment, or delivery. Companies to which you have made an inquiry or submitted an application can call you for up to three months. You can stop these calls by asking the company to put your number on its own do not call list.

You can also tell each telemarketer who calls to put you on its own do not call list. Note the name of the person you spoke with, the organization, and the date of the call. The Federal Communications Commission requires telemarketers (except tax-exempt non-profit organizations) to maintain a record of your request not to receive future telephone calls. The record must be maintained for ten years. If you get another call from the same person or organization, report the date and source to the FCC (p. 123).

Consider screening any calls that are still slipping through by using an answering machine. You can listen to the caller and decide whether you want to pick up. Your local telephone company may also offer services that only allow calls from certain numbers or allow you to see the name and number of the person calling you (Caller ID).

Some states have their own Do Not Call lists for residents. Contact your state consumer pro-

tection office (p. 79) to find out if your state has such a list and how you can be added.

SALES CALLS

The Federal Trade Commission has a rule that tells telemarketers what they can and cannot do when making a sales call. Callers must:

- Provide the seller's name;
- Disclose that the call is a sales call;
- Tell you exactly what they're trying to sell;
- Disclose the total cost and other terms of sale before you make any payment for the goods or services; and
- Tell you if they don't allow refunds, exchanges or cancellations.

If a prize is involved, the caller must give you the odds of winning a prize, inform you that no purchase is necessary, and tell you how to get instructions for entering without buying anything.

It's illegal for telemarketers to:

- Misrepresent what they're offering;
- Call before 8 a.m. or after 9 p.m.; and
- Threaten, intimidate or harass you, or call again if you ask them not to.

This FTC rule applies even when you receive a call from a telemarketer in another state or country. It also applies if you make a call to a company in another state or country in response to a mail solicitation.

The rule generally does not apply when you call to order from a catalog or in response to an ad on television or radio, or in a magazine or newspaper. It also does not apply to solicitations you receive by fax or e-mail. Beware that certain types of businesses—including nonprofit organizations, investment brokers and advisors, banks, and financial institutions—are exempt from the rule.

File complaints concerning this rule with the Federal Trade Commission (p. 124). To file electronically, choose the "File a Complaint Online" link at www.ftc.gov.

PRE-RECORDED MESSAGES

The Federal Communications Commission regulates calls using artificial or prerecorded voice messages. They may not be made to residential telephone numbers except in the following cases:

TELEMARKETING • PROTECT YOUR IDENTITY

- Emergency calls needed to ensure your health and safety;
- Non-commercial calls;
- Calls which don't include any unsolicited advertisements;
- Calls by, or on behalf of, tax-exempt nonprofit organizations;
- Calls you have given prior consent for; or
- Calls from entities with which you have an established business relationship.

The beginning of the message must identify who is calling. During or after the message, the caller's telephone number or address must be given. The phone number cannot be that of the auto dialer or prerecorded message player that placed the call. It also cannot be a 900 number or any other number with charges that exceed local or long distance charges.

The called party's telephone line must be released within 5 seconds of the time that the calling system receives notification the party has hung up. Your local telephone company can tell you if there is a delay before you can get a dial tone again in your area. Submit suspected violations to the Federal Communication Commission (p. 123). File a complaint via e-mail (fccinfo@fcc.gov) or at www.fcc.gov/cgb/complaints.html.

JUNK FAXES

Unsolicited advertisements faxed to you without your prior written permission are prohibited by the Federal Communications Commission. If you have received such a fax, file a complaint with the FCC (p.123). The agency has an online Consumer Complaint Form at www.fcc.gov/cgb/complaints.html.

SPAM

E-mail spam is not just unwanted—it can be offensive. Pornographic spam provokes many consumer complaints. Decrease the number of spam e-mails you receive by making it difficult for spammers to get and use your e-mail address.

- Don't use an obvious-mail-like "JaneDoe@isp.com." Instead use one with numbers or other digits such as Jane4oe6@isp.com
- Use one e-mail address for close friends and family and another for everyone else. Free addresses are available from Yahoo! and Hotmail. You can also get a disposable forward-

ing address from www.spammotel.com. If an address attracts too much spam, get rid of it and establish a new one.

- Don't post your e-mail address on a public web page. Spammers use software that harvests text addresses. Substitute "janedoe at isp.com" for the "janedoe@isp.com." Or display your address as a graphic image, not text.

- Don't enter your address on a web site before you check its privacy policy.

- Uncheck any check boxes. These often grant the site or its partners permission to contact you.

- Don't click on an e-mail's "unsubscribe" link unless you trust the sender. This action tells the sender you're there.

- Never forward chain letters, petitions, or virus warnings. All could be a spammer's trick to collect addresses.

- Disable your e-mail "preview pane." This stops spam from reporting to its sender that you've received it.

- Choose an Internet Service Provider (ISP) that filters e-mail. If you get lots of spam, your ISP may not be filtering effectively.

- Use spam-blocking software. Web browser software often includes free filtering options. You can also purchase special software that will accomplish this task.

- Report spam. Notify your ISP so it is aware what kind of spam is slipping through its filters. The Federal Trade Commission (FTC) also wants to know about "unsolicited commercial email." Forward spam to uce@ftc.gov.

PROTECT YOUR IDENTITY

How can someone steal your identity? They use your name, Social Security number, credit card number, or other personal information to commit fraud or theft. They might:

- Run up charges on your credit card accounts;
- Open new credit accounts or cellular phone service using your name; or
- Open a bank account in your name and write bad checks on it.

Problems that result, such as unpaid bills, are reported on your credit report. See Credit Reports and Scores on page 16.

PROTECT YOUR IDENTITY • PROTECT YOUR PRIVACY

You can reduce the chance a con artist can go on a spending spree with your money or steal your identity by taking these precautions:

- Give your Social Security number only when absolutely necessary. Ask to use other types of identifiers when possible. If your state uses your SSN as your driver's license number, ask to substitute another number.
- Sign credit/debit cards when they arrive. No one can forge your signature and use them.
- Carry only the cards you need. Extra cards increase your risk and your hassle if your wallet is stolen.
- Keep your PIN numbers a secret. Never write a PIN on a credit/debit card or on a slip of paper kept with your card.
- Avoid obvious passwords. Avoid easy-to-find names and numbers like your birthday and phone number.
- Store personal information in a safe place. Lock up your driver's license and other cards at home and at work.
- Don't give card numbers to strangers. Confirm whether a person represents a company by calling the phone number on your account statement or in the telephone book.
- Watch out for "shoulder surfers." Use your free hand to shield the keypad when using pay phones and ATMs.
- Beware of blank spaces. Draw a line through blank spaces on credit slips. Never sign a blank slip.
- Keep your receipts. Ask for carbons and incorrect charge slips as well.
- Destroy documents with account information. Stop thieves from finding information in the trash by tearing up or shredding receipts, credit offers, account statements, expired cards, etc.
- Protect your mail. Ask your local U.S. Postal Service to put your mail on hold when you are traveling and can't pick it up.
- Make life difficult for hackers. Install firewalls and virus-detection software on your home computers. If you have a high-speed Internet connection, unplug the computer's cable or phone line when you aren't using it.
- Keep a record of your cards and accounts. List numbers, expiration dates and contact information in case there is a problem.
- Pay attention to your billing cycles. A missing bill could mean a thief has taken over your account.

- Promptly compare receipts with account statements. Watch for unauthorized transactions.
- Check your credit report once a year. Check it more frequently if you suspect someone has gotten access to your account information. (See Credit Reports on page 16.)

Despite these precautions, problems can still happen. If a card is missing or you suspect another problem, notify the company immediately. See *Lost and Stolen Credit Cards* (p. 17) and *ATM/Debit cards* (p.14)

If you become an ID theft victim, file a report with your local police. Keep a copy of the police report, which will make it easier to prove your case to creditors and retailers. Contact the credit-reporting bureaus and ask them to flag your account with a fraud alert, which asks merchants not to grant new credit without your approval.

To simplify the lengthy credit-repair process, the FTC now offers an ID Theft Affidavit you can use to report the crime to most of the parties involved. Request a copy of the form by calling toll-free 1-877-ID-THEFT or visiting www.consumer.gov/idtheft. All three credit bureaus and many major creditors have agreed to accept the affidavit. You can also use this web site to file complaint with the FTC.

When dealing with ID theft, you can also get advice from the Identify Theft Resource Center at www.idtheftcenter.org.

PROTECT YOUR PRIVACY

Approval of a credit application, transferring money from one account to another, getting your driver's license renewed, getting a prescription from your doctor to your pharmacy—think about how easy and fast you can do these things today. A down side of this convenience is that information collected on you may be inaccurate or misused. You could be treated unfairly, or even become a victim of crime. You can help prevent this misuse with these tips:

- Look for privacy statements on web sites, sales materials, and forms you fill out. If a web-site claims to follow a set of established voluntary standards, read the standards. Don't assume they provide the level of privacy you want.

PROTECT YOUR PRIVACY

- Ask what information will be collected and how it may be used. Only do business with those with privacy practices that meet your approval.

- Never give anyone your passwords or PIN numbers. Con artists may try to trick you into giving this information.

- Do not give personal information to those you don't know. A credit card number, savings or checking account number, or Social Security number in the wrong hands can be used to steal from you or to steal from others in your name. See Identity Theft on page 6.

- Don't give retailers information that isn't required. You don't have to give numbers other than the one you are using for payment. Some states bar merchants from asking consumers to provide additional information on checks or credit card slips. At the supermarket, find out whether a clerk can give you the discount without using the store's discount card.

- Be selective in what you put on warranty registration forms. The company only needs the purchase date, model/serial numbers, and how you can be contacted if there is a product recall. Questions not related to your purchase such as your income and hobbies can be ignored.

- Talk about privacy with others in your home. Everyone—even children—should understand what information you feel is not appropriate to share on the phone, while using a computer, and in other situations.

Check with your state or local consumer agency (p. 79) to find out whether there are any state laws that help protect your privacy. Some companies and industry groups have also adopted voluntary policies that address privacy concerns.

ONLINE PRIVACY

Protecting your privacy on the Internet must be tackled from several angles. Start by following the general advice on protecting your privacy just discussed. Next, make sure you are using a web site with a sponsor who is protecting you.

- Look for a privacy policy statement or seal that indicates the site abides by privacy standards. Take time to read how your privacy is protected.
- Look for signals that you are using a secure web page. A secure site encrypts or scrambles

personal information so it cannot be easily intercepted. Signals include a screen notice that says you are on a secure site, a closed lock or unbroken key in the bottom corner of your screen, or the first letters of the Internet address you are viewing changes from "http" to "https."

A relatively new threat to your privacy is spyware—sneaky software that rides its way onto computers during the download of screensavers, games, music and other applications. Spyware sends information about what you're doing on the Internet to a third-party usually to target you with pop-up ads. You will need to install anti-spyware to stop this new threat to your privacy.

FINANCIAL PRIVACY

The Federal Deposit Insurance Corporation (p. 123) and other federal regulators require banks, insurance companies, brokerage firms and certain businesses who share financial information to tell you their privacy policies. They must give you this information when you open an account, and at least once every year after. They must include:

- the kinds of information being collected;
- how the confidentiality and security of this information will be protected; and
- what types of businesses may be provided this information.

If a business is going to share the information with anyone outside its corporate family, it must also give you the chance to "opt-out" or say no to information sharing. Even if you don't opt out, your actual account numbers may not be shared with third parties for marketing purposes.

Your credit information has additional privacy protections under the Fair Credit Reporting Act. Only people with a legitimate business need can get a copy of your report. An employer can only get your report with your written consent. For more information on your rights under this feder-

PROTECTING CHILDREN ONLINE

The Children's Online Privacy

Protection Act requires commercial websites to obtain parental consent before collecting, using, or disclosing personal information from children under 13. For more information, contact the FTC (see p. 124) or click on Kids Privacy at www.ftc.gov.

al law and to find out how you can get a copy of your credit reports, see p??.

MEDICAL PRIVACY

People also give personal information to their doctors, which is shared with insurance companies, pharmacies, researchers, and employers.

The Medical Information Bureau is a data bank used by insurance companies that collects and shares information. You can request a copy of your file to be sure the information is accurate. Write to MIB, Inc., PO Box 105, Essex Station, Boston, MA 02112, or call 617-436-3660. There is a fee to obtain a copy of your file.

For the latest information on how the federal government protects your personal health information, visit www.hhs.gov/ocr from U.S. Department of Health and Human Services, the website of the Health Privacy Project (www.healthprivacy.org) or My Health Privacy (nclnet.org/healthprivacy/index.htm) created by the National Consumers League.

AUTOMOBILES

Whether you are buying or leasing a vehicle, these tips will help you get the best deal and avoid problems.

- Decide what kind of vehicle best suits your needs and budget. For tips on finding a safe vehicle, see Choose a Safe Vehicle on page 10.
- Consider fuel economy. A vehicle that gets more miles per gallon is good for your wallet as well as for the environment. These government web pages will help you comparison shop.
- Use the Green Vehicle Guide (www.epa.gov/emissions) to find the vehicles that are most fuel-efficient and have the cleanest-running engines.
- Go to www.fueleconomy.gov to compare the miles-per-gallon ratings of different vehicle models manufactured since the mid-1980s.

- Go to www.fueleconomy.gov/feg/save_money.shtml for annual fuel estimates.
- Check out the seller. For car dealers, check with your state or local consumer protection agency (p. 79) and Better Business Bureau (p. 128). If you are buying from an individual, check the title to make sure you're dealing with the vehicle owner. Also browse the classifieds for other auto ads with the same phone number—a sign of an unlicensed broker who sells used cars by posing as the owner.
- Take a test drive. Drive at different speeds and check for smooth right and left turns. On a straight stretch, make sure the vehicle doesn't pull to one side.
- Handle trade-ins and financing separately from your purchase to get the best deal on each. Get a written price quote before you talk about a trade-in or dealer financing.
- Shop in advance for the best finance deal at your credit union, bank or finance company. Look at the total finance charges and the Annual Percentage Rate (APR), not just the monthly payment.
- Read and understand every document you are asked to sign.
- Don't take possession of the car until all paperwork is final.

BUYING A NEW CAR

- Check out different vehicles. Several Internet sites can help you compare features and prices on new motor vehicles. Visit www.where-can-i-buy-a-car-online.com for links to these sites. A scorecard reports on the features of each site including whether quotes are free, the availability of financing, and site security. Two magazines that offer information in

print and online concerning vehicle performance, service and safety are: Consumer Reports (www.consumerreports.org) and MotorTrend (www.motortrend.com).

- Research the dealer's price for the car and options. It's easier to get the best price when you know what the dealer paid for a vehicle. The

CREDIT AND SUBLEASE BROKERS

Con artists often prey on people who have bad credit and who cannot get car loans. "Credit brokers" promise to get a loan for you in exchange for a high fee. In many cases, the "broker" takes the fee and disappears. "Sublease brokers" charge a fee to arrange for you to "sublease" or "take over" someone else's car lease or loan. Such deals usually violate the original loan or lease agreement. Your car can be repossessed even if you've made all of your payments. You also might have trouble insuring your car.

AUTOMOBILES

dealer invoice price is available at a number of websites and in printed pricing guides. Consumer Reports offers the wholesale price. Lower than the invoice price, this figure factors in dealer incentives from a manufacturer and is a more accurate estimate of what a dealer is paying for a vehicle.

- Find out if the manufacturer is offering rebates that will lower the cost. Two websites that offer this information are www.carsdirect.com and www.autopedia.com/html/Rebate.html.
- Get price quotes from several dealers. Find out if the amounts quoted are the prices before or after rebates are deducted.
- Avoid high-profit, low-value extras such as credit insurance, extended warranties, auto club memberships, rust proofing and upholstery finishes. You do not have to purchase credit insurance in order to get a loan. See Service Contracts and Extended Warranties on page 1 and Credit Insurance on page 14.

BUYING A USED CAR

- Learn what rights you have when buying a used car. Contact your state or local consumer protection office (p. 79).
- Find out in advance what paperwork you will need to register a vehicle. Contact your state's motor vehicle department.
- Check prices of similar models using the NADA Official Used Car Guide (www.nadaguides.com) published by the

National Automobile Dealer Association (p. 78) or the Kelly Blue Book (www.kbb.com). These guides are usually available at local libraries as well.

- Research the vehicle's history. Ask the seller for details concerning past owners, use, and maintenance. Next, find out whether the car has been damaged in a flood, involved in a crash, been labeled a lemon or had its odometer rolled back. The vehicle identification number (VIN) will help you do this.
- Your state motor vehicle department can research the car's title history. Inspect the title for "salvage," "rebuilt," or similar notations.
- The websites www.carfax.com and www.autocheck.com sell information on the history of vehicles gathered from state motor vehicle departments and other sources. These reports are helpful but incomplete—they do not guarantee that a vehicle is accident-free.
- The National Highway Traffic Safety Administration (www.nhtsa.dot.gov) lists VINs of its crash-test vehicles and will let you search an online database of manufacturer service bulletins.
- The Center for Auto Safety (www.auto.safety.org) provides information on safety defects, recalls, and lemons, as well as service bulletins.
- Visit www.safetyforum.com for a free online search of its database of lemons registered by previous owners.
- Make sure any mileage disclosures match the odometer reading on the car.

CHOOSE A SAFE VEHICLE

Crash tests can help you determine how well a vehicle will protect you in a crash.

- The National Highway Traffic Safety Administration (www.nhtsa.dot.gov). Each year, NHTSA crashes vehicles head-on into a wall and bashes them broadside to test their ability to protect their occupants. NHTSA focuses on evaluating vehicle restraints such as air bags and safety belts.
- The Insurance Institute for Highway Safety (www.hwysafety.org). A different test by the IIHS uses offset-frontal car crashes to assess the protection provided by a vehicle's structure.
- Consumers Union. Consumer Reports' annual auto issue rates vehicles in terms of overall safety. Its safety score combines crash test results with a vehicle's accident avoidance factors—emergency handling, braking, acceleration, and even driver comfort.

To find out whether a manufacturer has recalled a car for safety defects, click on the "Recalls" link at www.nhtsa.dot.gov or call NHTSA at 1-800-424-9393. If a vehicle has been recalled, ask the dealer for proof that the defect has been repaired.

Used vehicles should also have a current safety inspection sticker if your state requires one.

- Check the warranty. If a manufacturer's warranty is still in effect, contact the manufacturer to make sure you can use the coverage. The Federal Trade Commission (FTC) requires dealers to post a Buyers Guide on all used cars and trucks for sale. This Guide specifies whether the vehicle is being sold "as is" or with a warranty, and what percentage of repair costs a dealer will pay under the warranty. Keep in mind that private sellers generally have less responsibility than dealers for defects or other problems. Private sellers generally don't have to post information.

- Ask about the dealer's return policy. Get it in writing and read it carefully.

- Have the car inspected by your mechanic. Agree in advance with the seller that you'll pay for the examination if the car passes inspection, and the seller will pay if significant problems are discovered. A qualified mechanic should check the vehicle's frame, tire wear, air bags and undercarriage as well as the engine.

- Examine dealer documents carefully. Make sure you are buying, not leasing, the vehicle. A balloon payment and "base mileage" disclosures are warning signs you may have a lease.

LEASING

When you lease, you pay to drive someone else's vehicle. Monthly payments for a lease may be lower than loan payments, but at the end of the lease you have no ownership or equity in the car.

- Shop for a lease as if you're buying a car. To help you comparison shop, the Consumer Leasing Act requires leasing companies to give you information on monthly payments and other charges. Check out www.edmunds.com, Intellichoice.com, and www.Leasesource.com for online information on leases including current lease deals.

- Negotiate all the lease terms including the price of the vehicle. Lowering the base price will help reduce your monthly payments.

- Ask for details on wear and tear standards. Dings that you may regard as normal wear and tear may be billed as significant damage at the end of your lease.

- Find out how many miles you can drive in a year. Most leases allow 12,000 to 15,000 miles a year. Expect a charge of 10 to 25 cents for each additional mile.

- Check the manufacturer's warranty. It should cover the entire lease term and the number of miles you are likely to drive.

- Ask the dealer what happens if you give up the car before the end of your lease. There may be extra fees for doing so.

- Ask what happens if the car is involved in an accident.

- Get all the terms in writing. Everything should be listed on the lease to avoid being charged for "missing" equipment at the end of the lease.

The Federal Reserve Board of Governors offers a consumer guide to auto leasing at www.federalreserve.gov/pubs/leasing/.

RENTING

Federal law does not cover short-term car and truck rentals, but some state laws do. Contact your state or local consumer protection office (p. 79) for information or to file a complaint.

- Ask in advance if there are any charges besides the stated rental fee. There may be an airport surcharge or drop-off fees, insurance fees, fuel charges, mileage fees, taxes, additional-driver fees, underage-driver fees, and equipment rental fees (for items such as ski racks and car seats).

- Ask if the rental company checks the driving records of potential customers. A company may check for violations when you arrive at the counter. You may be rejected even if you have a confirmed reservation.

- Check in advance to be sure you aren't duplicating insurance coverage. If you're traveling on business, your employer may have insurance that covers damage to the vehicle if you are in an accident. You may also have coverage through your personal auto insurance, a motor club membership, or the credit card you use to pay for rentals.

- Carefully inspect the vehicle and its tires before renting.

- Check refueling policies and charges.

- Ask if there is a refundable charge being made to your credit card. When you pick up your car, the company may make a charge or place a hold of hundreds of dollars on your credit card. Most companies do not process this amount unless you fail to return the car as specified in

AUTOMOBILES

your rental contract. If it is processed and the amount takes you near or over your credit card limit, you may have trouble using your card for other purchases.

REPAIRS

Whenever you take a vehicle to the shop:

- Choose a reliable repair shop. Family, friends or an independent consumer rating organization may be able to help you. You should also check out the shop's record with your state or local consumer protection office (p.79) or Better Business Bureau (p. 128).
- Describe the symptoms. Don't try to diagnose the problem.
- Make it clear that work cannot begin until you have a written estimate and you give your okay. Never sign a blank repair order. If the problem can't be diagnosed on the spot, insist that the shop contact you for authorization once the trouble has been found.
- Ask the shop to keep the old parts for you.
- Follow the warranty instructions if a repair is covered under warranty.
- Get all repair warranties in writing.
- Keep copies of all paperwork.

Some states, cities and counties have special laws that deal with auto repairs. For information on the laws in your state, contact your state or local consumer protection office (p. 79).

SECRET WARRANTIES, RECALLS AND LEMON LAWS

Sometimes a manufacturer makes a design or production mistake on a motor vehicle. If dealers report a number of complaints about a certain part or vehicle, the manufacturer may allow dealers to repair the problem at no cost to you even if the warranty has expired. A service bulletin notifies the dealer of the problem and how to resolve it. Because these free repairs are not publicized, they are called "secret warranties."

The National Highway Traffic Safety Administration (www.nhtsa.dot.gov) maintains a database of service bulletins filed by manufacturers.

If you have a problem with a vehicle that is a safety hazard, check whether the manufacturer has recalled your vehicle. Click on Recalls at www.nhtsa.dot.gov or call NHTSA at 1-800-424-9393. Hazards that aren't listed should be reported to your dealer, the manufacturer of the vehicle (p.84), and NHTSA. Use the agency's toll-

free Auto Safety Hotline at 1-888-327-4236 or visit its web page for details on other reporting options: the Internet, fax and mail. There is no set number of reports needed before NHTSA will look into a problem. If a safety-related defect exists, the maker must fix it at no cost to you—even if your warranty has expired. The company may also be asked to conduct a product recall.

If you have a vehicle with a unique problem that just never seems to get fixed—you may have a lemon. Some states have laws concerning lemons. They may require a refund or replacement if a problem is not fixed within a reasonable number of tries or you haven't been able to use your vehicle for a certain number of days. Contact your state or local consumer protection office (p. 79) to learn whether you have such protections and the steps you must take get your problem solved. If you believe your car is a lemon:

- Give the dealer a list of the problems every time you bring it in for repairs.
- Get and keep copies of the repair orders listing the problems, the work done, and the dates that the car was in the shop.
- Contact the manufacturer, as well as the dealer, to report the problem. Your owner's manual will list an address for the manufacturer or you can find it on page 75.
- Help other consumers avoid purchasing your lemon by registering it at www.safetyforum.com.

Another source of information concerning these topics is the Center for Auto Safety (www.autosafety.org). CAS gathers information and complaints concerning safety defects, recalls, service bulletins and state lemon laws. You can reach CAS by phone at 202-328-7700.

VEHICLE REPOSSESSIONS

When you borrow money to buy a car or truck, the lender can take your vehicle back if you miss a payment or in some other way violate the contract. You should also be aware, the lender:

- can repossess with cause without advance notice;
- can insist you pay off the entire loan balance in order to get the repossessed vehicle back;
- can sell the vehicle at auction;

- might be able to sue you for the difference between the vehicle's auction price and what you owe; but
- cannot break into your home or physically threaten someone while taking the vehicle.

If you know you're going to be late with a payment, talk to the lender to try to work things out. If you and the lender reach an agreement, be sure you get the agreement in writing. Contact your state or local consumer protection office (p. 79) to find out whether your state gives you any additional rights.

BANKING

SAVINGS AND CHECKING

When it comes to finding a safe place to put your money, there are a lot of options. Savings accounts, checking accounts, certificate of deposits and money market accounts are popular choices. Each has different rules and benefits that fit different needs. When choosing the one that is right for you, consider:

- **Minimum deposit requirements.** Some accounts can only be set up with a minimum dollar amount. If your account goes below the minimum, no interest is paid or you are charged extra fees.
- **Limits on withdrawals.** Can you take money out whenever you want? Are there any penalties for doing so?
- **Interest.** How much (if anything) is paid and when—daily, monthly, quarterly, yearly? To compare rates offered locally to those from financial institutions around the nation, visit www.bankrate.com.
- **Deposit Insurance.** Look for a sign that says your money is protected by the Federal Deposit Insurance Corporation (FDIC). Credit union accounts have similar protection from the National Credit Union Association (NCUA).
- **Convenience.** How easy is it to put money in and take it out? Are there tellers or ATM machines close to where you work and live? Or would you receive most of your service via the telephone or

Internet? Can you make direct deposits and other electronic transfers?

If you are considering a checking account or another type of account with check-writing privileges, add these items to your list of things to think about:

- **Number of checks.** Is there a maximum number of checks you can write per month? If you write more, what is the charge?
- **Amount of check.** Is there a minimum or maximum amount for any one check?
- **Account and check fees.** Is there a monthly fee for the account or a charge for each check you write? Some accounts only charge a fee if you write more than a certain number of checks per month.
- **Holds on checks.** Is there a “hold” or waiting period before you can get the money you deposit in your account? There may be a longer hold period on out-of-state checks while the check clears.
- **Overdrafts.** If you write a check for more money than you have in your account, what happens? You may be able to link your checking account to a savings account to protect yourself. But there may also be high fees for “bounced” checks (from you or written to you).

The new Check Clearing for the 21st Century Act (often referred to as Check 21) allows banks to clear checks electronically instead of exchanging actual paper checks. Banks no longer have to return original checks with your monthly statements or even when there is a problem with a particular check. Check 21 creates “substitute checks” which you can use as legal representations of the originals. Ordinary check images, which some banks have provided for years, are NOT substitute checks.

It takes banks at least a day or two to process paper checks. Electronic processing can happen almost immediately. This means you will have less “float” time between when you write a check and when the money is actually taken out of your account. This could increase the chance that one of your checks will bounce due to insufficient

BEWARE: STORED-VALUE CARDS

Stored-value cards—sometimes referred to as pre-paid or gift cards—are a lot like the dollar bills you carry in your wallet. Money is stored electronically on the card itself. If a card is lost or stolen, the money is gone. Stored-value cards do not have the same federal protections that credit and debit cards have.

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funds. Quicker clearing also means less time to stop payment on a check.

It has always been a good idea to get canceled checks with your monthly statement. Now you will want substitute checks each month. Having your employer deposit your paycheck directly into your account can help you cope with the change in “float” time.

ATM/DEBIT CARDS

With a debit card and personal identification number (PIN), you can use an Automated Teller Machine (ATM), to withdraw cash, make deposits, or transfer funds between accounts. Some ATMs charge a fee if you are not a member of the ATM network or are making a transaction at a remote location.

Retail purchases can also be made with a debit card. You enter your PIN or sign for the purchase. Some banks that issue debit cards are charging customers a fee for debit card purchases made with a PIN. Although a debit card looks like a credit card, the money for the purchase is transferred immediately from your bank account to the store’s account. The purchase will be shown on your bank account statement.

Immediately call the card issuer when you suspect a debit card may be lost or stolen. Many companies have toll-free numbers and a 24-hour service to deal with such emergencies. While federal law limits your liability for a lost or stolen credit card to \$50, your liability for unauthorized use of your ATM or debit card can be much greater—depending on how quickly you report the loss.

- Report a debit card missing before it is used and you are not responsible for any unauthorized withdrawals.

- Your liability is limited to \$50 if you report the loss within two business days after you realize your debit card is missing, and to \$500 if you report the loss between 2 and 60 days.

BEWARE: CREDIT INSURANCE

When you take out a loan for a big purchase, a salesperson may try to sell you credit insurance. Your credit card company may also encourage you to purchase credit insurance. The coverage may be promoted as a way for you to protect yourself if your property is damaged or lost. Other credit insurance offers promises to make loan payments if you are laid off, become disabled or die. It is almost always better to buy regular property, life or disability insurance instead of credit insurance.

- If you do not report an unauthorized use of a debit or ATM card within 60 days after your bank statement with the unauthorized use is mailed to you, you could lose all the money in your bank account as well as the unused portion of your line of credit established for overdrafts.

Check the policies of your card issuer. Some offer more generous limits on a voluntary basis.

When you use a debit card, federal law also does not give you the right to stop payment. You must resolve the problem with the seller.

CREDIT

Like everything else you buy, credit has a price tag and it pays to comparison shop. With the Internet, you can now compare local credit offers with those from financial institutions around the nation. For up-to-date interest rate reports on mortgages, auto loans, credit cards, home equity loans, and other banking products visit www.bankrate.com. For a listing of credit cards visit www.cardlocator.com.

The Equal Credit Opportunity Act protects you when dealing with anyone who regularly offers credit, including banks, finance companies, stores, credit card companies and credit unions.

When you apply for credit, a creditor may not:

- Ask about or consider your sex, race, national origin or religion;
- Ask about your marital status or your spouse, unless you are applying for a joint account or relying on your spouse’s income, or you live in a community property state (Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Texas and Washington);
- Ask about your plans to have or raise children;
- Refuse to consider public assistance income or regularly received alimony or child support; or
- Refuse to consider income because of your sex or marital status or because it is from part-time work or retirement benefits.

You have the right to:

- Have credit in your birth name, your first name and your spouse's last name, or your first name and a combined last name;
- Have a co-signer other than your spouse if one is necessary;
- Keep your own accounts after you change your name or marital status or retire, unless the creditor has evidence you are unable or unwilling to pay;
- Know why a credit application is rejected—the creditor must give you the specific reasons or tell you of your right to find out the reasons if you ask within 60 days;
- Have accounts shared with your spouse reported in both your names; and
- Know how much it will cost to borrow money.

For additional information on credit, see Home Financing (p. 22) and Buying a Car (p. 9). Other sources of information include the HUD Housing Counseling Clearinghouse at 1-888-466-3487, the FTC (p. 124), the National Consumer Law Center (p. 138) and the "Money" link at www.pueblo.gsa.gov.

INSTALLMENT LOANS

Before you sign an agreement for a loan to buy a house, a car or other large purchase, make sure you fully understand all the lender's terms and conditions:

- The dollar amount you are borrowing.
- The payment amounts and when they are due.
- The total finance charge—the total of all the interest and fees you must pay to get the loan.
- The Annual Percentage Rate (APR)—the rate of interest you will pay over the full term of the loan.
- Penalties for late payments.
- What the lender will do if you can't pay back the loan.
- Penalties if you pay the loan back early.

Fortunately, the Truth in Lending Act requires lenders to give you this information so you can compare different offers.

PAYDAY AND TAX REFUND LOANS

With a typical payday loan, you might write a personal check for \$115 to borrow \$100 for two weeks—until payday. The annual percentage rate (APR) in this example is 390 percent! Payday loans are illegal in some states.

Another high cost way to borrow money is a tax refund loan. This type of credit lets you get an advance on a tax refund. APRs as high as 774% have been reported. If you are short of cash, avoid both of these loans by asking for more time to pay a bill or seeking a traditional loan. Even a cash advance on your credit card may cost less.

HOME EQUITY LOANS

Consider carefully before taking out a home equity loan. Although this type of loan might let you take tax deductions that you could not take with other types of loans, they reduce the equity you have built up in your house. If you are unable to make payments, you could lose your home.

Home equity loans can either be a revolving line of credit or a one-time, closed-end loan. Revolving credit lets you choose when and how often to borrow against the equity in your home. In a closed-end loan, you receive a lump sum for a particular purpose, such as remodeling or tuition. Apply for a home equity loan through a bank or credit union first. These loans are likely to cost less than those offered by finance companies.

CREDIT CARDS

Chances are you've gotten your share of "pre-approved" credit card offers in the mail. Examine the fine print carefully before you accept any offer for a credit or charge card.

- **The Annual Percentage Rate (APR).** If the interest rate is variable, how is it determined and when can it change?
- **The periodic rate.** This is the interest rate used to figure the finance charge on your balance each billing period.
- **The annual fee.** While some cards have no annual fee, others expect you to pay an amount each year for being a cardholder.
- **The grace period.** This is the number of days you have to pay your bill before finance charges start. Without this period, you may have to pay interest from the date you use your card or when the purchase is posted to your account.
- **The finance charges.** Most lenders calculate finance charges using an average daily account balance—this is the average of what you owed each day in the billing cycle. Look for offers that use an adjusted balance, which sub-

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tracts your payment from your beginning balance. The finance charges you will pay are usually lower. Stay away from offers that use the previous balance in calculating what you owe; this method has the highest finance charge. Also don't forget to check if there is a minimum finance charge.

- **Other fees.** Ask about special fees when you get a cash advance, make a late payment, or go over your credit limit.

Some companies charge a monthly fee regardless of whether you use your card.

The Fair Credit and Charge Card Disclosure Act requires credit and charge card issuers to include this information on credit applications.

CREDIT REPORTS AND SCORES

A credit report contains information on where you work and live, how you pay your bills, and whether you've been sued, arrested, or filed for bankruptcy. Consumer Reporting Agencies (CRAs) gather this information and sell it to creditors, employers, insurers, and others. The most common type of CRA is the credit bureau. The three major national credit bureaus are:

Equifax: 1-800-685-1111 or www.equifax.com

Experian: 1-888-397-3742 or www.experian.com

TransUnion: 1-800-916-8800 or www.transunion.com

By September 1, 2005, all consumers will be eligible to receive a free annual credit report from each of the three major CRAs.

To check your eligibility and order your report, you must go through www.annualcreditreport.com or call 1-877-322-8228. The information in your credit report is used to calculate your FICO credit score—a number generally between 300 and 850 that rates how risky a borrower you are. The higher your score, the less risk you pose to creditors. Your FICO score is available from www.myfico.com

for a fee. Free credit reports do not contain your credit score.

BEWARE: OFFERS TO SKIP A CREDIT PAYMENT

If your credit company invites you to skip a monthly payment without a penalty, it is probably not doing you a favor. You may still owe finance charges on your unpaid balance. And interest will probably be adding up on any purchases you make after the due date you skipped.

Negative information concerning your use of credit can be kept in your credit report for seven years. A bankruptcy can be kept for ten years.

Information about a lawsuit or an unpaid judgment against you can be reported for seven years or until the statute of limitations runs out, whichever is longer.

Anyone who denies you credit, housing, insurance, or a job as a result of a credit report must give you the name, address, and telephone number of the CRA that provided the report. Under the Fair Credit Reporting Act (FCRA), you have the right to request a free report within 60 days if a company denies you credit based on the report. See page 18 for how to remove or dispute incorrect information.

RESOLVING CREDIT PROBLEMS

CREDIT BILLING DISPUTES

If you find an error on a credit card or charge account bill, you have the right to dispute the problem under the Fair Credit Billing Act. The law defines billing errors as: incorrect credits for payments, charges that you didn't make, and charges for goods or services that you did not receive or that were not as promised.

Write to the creditor within 60 days of the postmark of the first bill with the disputed charge. If

more than 60 days have passed but you just recently found the problem, you may still be able to dispute the charge.

- Send a letter to the address provided on the bill. Do not send the letter with your payment.

- Be specific. In your letter, give your name and account number, the date and amount of the charge

BEWARE: TEASER RATES

Some cards are advertised with very low introductory interest rates called teasers. The rate is good for a short period of time. If you know you can pay what you owe while the low rate is in effect, it could be a good deal. But if the teaser time runs out and you still owe money, you could end up paying a higher rate than you might have without the special introductory rate. Just one late payment could also cancel the teaser rate.

disputed, and a complete explanation of why you are disputing the charge

- Send your letter by certified mail, with a return receipt requested, if you want to make sure it is received.

If you follow these requirements, the creditor or card issuer must acknowledge your letter in writing within 30 days of receiving it and conduct an investigation within 90 days.

While the bill is being investigated, you do not have to pay the amount in dispute. The creditor cannot try to collect this disputed amount, nor can the creditor report the amount as late or close or restrict your account.

- If there was an error, the creditor must credit your account and remove any related finance charges or late fees. For any amount still owed, you have the right to an explanation and copies of documents proving you owe the money.

- If the bill is correct, you must be told in writing what you owe and why. You will owe the amount disputed plus any finance charges.

What if you don't agree with the creditor's decision? You can file an appeal with the Office of the Comptroller of the Currency by calling 1-800-613-6743 or going to www OCC.treas.gov/customer.htm.

NEGATIVE CREDIT INFORMATION IN YOUR CREDIT REPORT

If there is inaccurate or incomplete information in your credit report:

- Contact both the credit reporting agency and the company that provided the information to the CRA.
- Tell the CRA in writing what information you believe is inaccurate.

Under The Fair Credit Reporting Act, the information provider is required to investigate and report the results to the CRA. If the information is found to be incorrect, it must notify all nationwide CRAs to correct your file. If the investigation does not solve your dispute, ask that your statement concerning the dispute be included in

your file. A notice of your dispute must be included anytime the CRA reports the negative item. For more information on credit reports and the CRAs, see Credit Reports on page 16.

If the information is accurate, only time, hard work, and a personal debt repayment plan will improve your credit report. Credit repair companies advertise that they can erase bad credit for a hefty fee. Don't believe it.

Under the Credit Repair Organizations Act, credit repair companies can't require you to pay until they have completed promised services. They must also give you:

- a copy of the "Consumer Credit File Rights Under State and Federal Law" before you sign a contract;
- a written contract that spells out your rights and obligations; and
- three days to cancel without paying any fees.

Some credit repair companies promise to help you establish a whole new credit identity. You can be charged with fraud if you use the mail or telephone to apply for credit with false information. It

is also a federal crime to make false statements on a loan or credit application, to give a false Social Security number, or to obtain an Employer Identification Number from the Internal Revenue Service under false pretences.

If you have lost money to a credit repair scam, contact your state or local consumer affairs office (p. 79) or the National Fraud Information Center (p. 138).

OUT OF CONTROL DEBT

Counseling services are available to help people having trouble budgeting money and paying bills. Credit unions, cooperative extension offices, military family service centers and religious organizations are among those that may offer free or low-cost credit counseling.

Local, nonprofit agencies that provide educational programs on money management and

LOST AND STOLEN CREDIT CARDS

Immediately call the card issuer when you suspect a credit or charge card has been lost or stolen. Many companies have toll-free numbers and 24-hour service to deal with such emergencies.

By federal law, once you report the loss or theft of a your card, you have no further responsibility for unauthorized charges. In any event, your maximum liability under federal law is \$50 per card.

CREDIT

help in developing debt payment plans operate under the name Consumer Credit Counseling Service (CCCS). They are members of the National Foundation for Consumer Credit (NFCC). To locate the agency closest to you, call 1-800-388-2227 or visit www.nfcc.org.

Several national nonprofit organizations also provide information and assist people with debt problems via the phone and Internet.

- American Consumer Credit Counseling. Visit www.consumercredit.com or call 800-769-3571
- InCharge Institute of America. Visit www.incharge.org or call 1-800-565-8953.
- Money Management International. Visit www.moneymangement.org or call 1-866-899-9347.
- Myvesta. Visit www.myvesta.org or call 1-800-680-DEBT.

Typically, a counseling service will negotiate lower payments with your creditors, then make the payments using money you send to them each month. The cost of setting up this debt-management plan is paid by the creditor not you. Ask these questions to find the best counselor for you:

- What services do you offer? Look for an organization that offers budget counseling and money management classes as well as a debt-management plan.
- Do you offer free information? Avoid organizations that charge for information or make you provide a lot of details about your problem first.
- What are your fees? Are there set-up and/or monthly fees? A typical set-up fee is \$10. If you're paying a lot more, you may be the one who's getting set up.
- How will the debt management plan work? What debts can be included in the plan and will you get regular reports on your accounts?
- Can you get my creditors to lower or eliminate my interest and fees? If the answer is yes, contact your creditors to verify this.
- What if I can't afford to pay you? If an organization won't help you because you can't afford to pay, go somewhere else for help.
- Will you help me avoid future problems? Getting a plan for avoiding future debt is as important as solving the immediate debt problem.

- Will we have a contract? All verbal promises should be in writing before you pay any money.

- Are your counselors accredited or certified? Legitimate credit counseling firms are affiliated with the National Foundation for Credit Counseling or the Association of Independent Consumer Credit Counseling Agencies.

Unfortunately, honest credit counselors have a lot of rivals who are more interested in taking your money than helping you. They can do more harm than good. Red flags are:

- Big upfront fees. A reputable credit counseling agency will send free information about itself and the services it provides without requiring you to provide any details about your situation.
- Unrealistic promises. Some companies falsely claim they can solve problems for pennies on the dollar or remove negative information from your credit record.

Check with your local consumer protection agency (p. 79) and the Better Business Bureau (p. 128) to see if any complaints have been filed about the company.

DEBT COLLECTION

The Fair Debt Collection Practices Act applies to those who collect debts owed to creditors for personal, family and household debts-these include car loans, mortgages, charge accounts and money owed for medical bills. A debt collector is someone hired to collect money you owe.

Within five days after a debt collector first contacts you, the collector must send you a notice that tells you the name of the creditor, how much you owe, and what action to take if you believe you don't owe the money.

If you owe the money or part of it, contact the creditor to arrange for payment.

If you believe you don't owe the money, contact the creditor in writing and send a copy to the collection agency with a letter telling them not to contact you. A debt collector may not:

- Contact you at unreasonable times, for example, before 8 a.m. or after 9 p.m., unless you agree;
- Contact you at work if you tell the debt collector your employer disapproves;

- Contact you after you write a letter telling them to stop—except to notify you if the collector or creditor plans to take a specific action;
- Contact your friends, relatives, employer or others—except to find out where you live and work;
- Harass you through threats to harm you, profane language or repeated telephone calls;
- Make any false statement, or claim that you will be arrested; or
- Threaten to have money deducted from your paycheck or to sue you—unless the collection agency or creditor intends to do so and it is legal.

To file a complaint, contact your state or local consumer protection agency (p. 79) and the Federal Trade Commission (p. 124).

EDUCATION

Choosing a college or other education program is one of the most important decisions you will make in your lifetime. School is a big investment of time, money, and effort, whether it's a four-year university, a two-year program or a trade or professional school. Carefully evaluate your options.

- Does the school offer the courses and type of program you want?
- Does the school offer services you need and activities you're interested in?
- What are the school's graduation and transfer-out rates? A school is required to disclose this information to prospective students.
- What percentage of recent graduates are working in their chosen field of study?
- What is the school's loan default rate? In other words, what percentage of students who took out federal student loans later failed to

repay their loans on time? You might not be able to get federal aid for a school that has a high default rate.

- What kind of crimes happen on campus and what programs are in place to protect your safety? The school must provide you with a summary of its annual security report. The Department of Education posts crime statistics for many schools at www.ope.ed.gov/security.

- What financial aid is available at the school? Ask for specifics such as the types of aid available, how you apply, how recipients are selected, plus how and when aid will be received.

- What are the school's refund policies? If you enroll but change your mind or are not able to finish a class, can you get some of your money back?

Most of this information is covered in a school's catalog, brochures or web site. If you know others who have recently attended a school you're considering, ask about their experiences and opinions. Talk to a high school counselor and local employers. To find out if any complaints have been filed about a school, contact the Better Business Bureau (p. 128) or higher education agency in the state where the school is located.

The U.S. Department of Education (p. 113) has a wealth of information on choosing, applying and paying for education after high school. This information along with applications for federal financial assistance is posted online at studentaid.ed.gov or you can call 1-800-433-3243.

Another source of information on financial assistance from both private and government sources is www.finaid.org. This site also offers calculators that can help you figure out how much school will cost, how much you need to save, and how much aid you will need.

Many state governments have created programs to make it easier for families to save for the education of their children. Visit www.collegesavings.org for links to information on the various state programs.

GENERAL EDUCATION DEVELOPMENT (GED TESTS)

States and other jurisdictions issue high school equivalency credentials to adult candidates who earn passing scores on GED tests. For more information, visit the American Council for Education (ACE) at www.acenet.edu.

EMPLOYMENT • FOOD AND NUTRITION

EMPLOYMENT

If you're looking for a job, you may come across ads that promise wonderful opportunities. While some companies honestly want to help you, others are more interested in taking your money. Be wary of:

- Promises to get you a job and a guaranteed income;
- Upfront fees, even when you are guaranteed a refund if you are dissatisfied;
- Employment agencies whose ads read like job ads; and
- Promotions of "previously undisclosed" government jobs. All federal jobs are announced to the public at www.usajobs.opm.gov.

Get a copy of the employment agency contract and review it carefully before you pay any money. Check with your local consumer protection agency (p. 79) and the Better Business Bureau (p. 128) to see if any complaints have been filed about a company.

For links to information on employment, click on "Education and Jobs" at www.FirstGov.gov.

The Federal Trade Commission (p. 124) sues businesses that fraudulently advertise employment openings and guarantee job placement. Contact the FTC if you have a complaint.

FOOD AND NUTRITION

The following suggestions will help you save money when shopping for food.

- Use a grocery list. You will be less likely to pick up extra items.
- Shop at the lower-priced food stores. Convenience stores often charge the highest prices.
- Compare price-per-ounce or other unit prices.
- Stock up on non-perishable items with low per-unit costs.

To help you make healthy food choices, the federal government posts dietary guidelines at www.health.gov/dietaryguidelines. Federal regulations also require many foods to identify fat content, fiber and nutrients on their labels.

For more information, check out these sources of information on food shopping, safety, and nutrition.

- U.S. Department of Agriculture (p. 112);
- The Food and Drug Administration (p. 115);
- Nutrition.gov (www.nutrition.gov);
- MedlinePlus (Click on F for Food or N for Nutrition at www.nlm.nih.gov/medlineplus);
- The Nutrition Source (www.hsph.harvard.edu/nutritionsource); and
- Nutrition Navigator (www.navigator.tufts.edu)

WEIGHT REDUCTION

The federal government has brought together information on weight loss and dieting at www.nlm.nih.gov/medlineplus/weightlossanddieting.html.

If you need to lose weight, talk with your doctor about the options that are best for you. Most health experts agree that the best and safest way to lose weight is to modestly cut calories, eat a balanced diet, and exercise. People usually do best when they reduce their usual calorie intake or increase the calories they use by 500–1,000 per day. This allows you to eat enough for good nutrition yet lose about one to two pounds a week. Steer clear of harmful tactics such as smoking, fasting, purging, or abusing laxatives.

To make sure you safely lose pounds not just dollars, ask these questions:

• How does the product or service work?

Does the program emphasize diet, exercise or a combination of both.

• **How much will it cost?** Ask for an itemized list that includes membership fees and fees for weekly visits. Ask if there are extra fees for diagnostic tests, food, dietary supplements, or other products in the program.

• **How well does it work?** Ask to see the studies that back up success claims. Look for how many people completed the program, how much weight they lost, and how long they kept the weight off.

• **What are the risks?** Get details about possible side effects. Check with your doctor before you take prescriptions, over-the-counter weight loss drugs, or dietary supplements. Diets that require drastic food restriction should be under the supervision of a physician.

• **How many calories will you eat each day?** For diets under 1500 calories, be sure to check with your doctor to make sure you meet all your nutrient needs.

• **What are the staff qualifications?** Ask about their training and experience.

• **What type of attention will you receive?** Will you get individual counseling or group support? How often?

Complaints concerning fraudulent weight loss claims should be directed to the Federal Trade Commission (p. 124).

HEALTHCARE

Thousands of websites are now available to help you make health care decisions. Be wary of sites sponsored by companies that are trying to sell you a particular treatment. It is better to visit sites run by government agencies and by recognized organizations such as the Mayo Clinic or the American Medical Association (AMA). This information should complement, not replace, what you receive from a doctor. Here are some sites that are generally recognized as reliable information sources.

- HealthierUS.gov, HealthFinder.gov and MedlinePlus (www.nlm.nih.gov/medlineplus). Three federal government gateways to information on health issues, health care programs, and organizations.
 - Intellihealth (www.intelihealth.com). Information and practical advice on staying healthy from the Harvard Medical School.
 - Mayo Clinic (www.mayoclinic.com). An alphabetical index of diseases and Healthy Living Centers (for example, Women's Health, Diet and Health). Consult the Health Decisions Guide for information on medical tests and treatments.
 - Medical Library Association (www.mlanet.org). Websites suggested by librarians.
 - Mental Help Net (www.mentalhelp.net). Links to a broad range of mental health topics.
- For information on medical privacy, see page 9.

CHOOSING A DOCTOR

When searching for a doctor, dentist or other health care professional:

• **Find out whether they are licensed in your state.** A state or local occupational and professional licensing board will be able to give you this information (p. 79).

• **Research whether they are board-certified in the appropriate specialty.** You can find this information on the sites of the AMA

(www.ama-assn.org) and American Board of Medical Specialties (www.abms.org).

• **Ask how often they have done the procedure you need and their success rate.** You may be able to find some of this information on the Internet. For example, the Center for Disease Control reports the success rates and number of procedures performed by fertility clinics at www.cdc.gov. Some states collect and post data on the success of heart-bypass surgery.

• **Check whether there have been any complaints or disciplinary actions taken.** Websites that can help are www.docboard.org and www.healthcarechoices.org. There are also pay-for-use sites with similar information including QuestionableDoctors.org, www.Docinfo.org, and www.checkbook.org. Visit www.healthfinder.gov for more advice on identifying providers.

CHOOSING A HEALTH CARE FACILITY

Report cards are starting to appear on the Internet to help you compare health care facilities. Three private websites that rate hospitals based on information collected from Medicare records and other sources are www.usnews.com, www.checkbook.org, and www.healthgrades.com.

The Joint Commission on Accreditation of Healthcare Organizations accredits hospitals as well as nursing homes and other health care organizations. Specially trained investigators assess whether these organizations meet set standards. At www.jcaho.org, you can check on a local facility, including how it compares with others. JCAHO also accepts consumer complaints. You can post a complaint on its website or call 1-800-994-6610.

If you are looking for a nursing home or other assisted living facility, these additional organizations can help.

• **Nursing Home Compare**—operated by the U.S. Department of Health and Human Services—will help you compare the facilities in many states. Go to www.medicare.gov/nhcompare/home.asp.

• **Eldercare Locator** (www.eldercare.gov)—another service of the U.S. Department of Health and Human Services—provides information and referral services for those seeking local and state support resources for the elderly. Call toll free: 1-800-677-1116. Be prepared with a

HEALTHCARE • HOUSING

county and city or ZIP code where the assistance is sought.

- The American Association of Homes and Services for the Aging (www.aahsa.org) is a trade group that represents many nonprofit facilities. Phone: 202-783-2242.

- The Assisted Living Federation of America (www.alfa.org) represents both for-profit and non-profit assisted-living facilities. Phone: 703-691-8100.

- The Continuing Care Accreditation Commission (www.ccaconline.org) gives its seal of approval to qualifying facilities.

PRESCRIPTION DRUGS

Pharmacies may charge widely different prices for the same medicine so it is a good idea to comparison shop

- Ask your physician and pharmacist if a generic drug may be appropriate. Generics usually cost less than brand name drugs.

- Consider using a mail-order or on-line pharmacy, especially if you will be taking a drug for a long time. The prices charged are often lower.

An increasing number of consumers are replacing a trip to the pharmacy with a trip on the Internet. While there are online pharmacies that provide legitimate prescription services, there are also some questionable sites that make buying medicines online risky. Do business only with a licensed U.S. pharmacy. Check with the National Association of Boards of Pharmacy to determine if the site is licensed and in good standing. Visit www.nabp.net or call 847-698-6227.

An online pharmacy should offer you access to a registered pharmacist who can answer any questions you might have about drug interactions, side effects, etc. Be wary of sites that:

- Sell drugs without a prescription;
- Sell drugs not approved by the FDA;
- Advertise quick cures; or
- Tell stories of “amazing results.”

If you suspect a site is not a licensed pharmacy, report it and any complaints to the U.S. Food and Drug Administration at www.fda.gov/oc/buyonline/buyonlineform.htm (p.113)

Want to know the side effects of a particular medication? Curious whether a drug has been

approved by the U.S. Food and Drug Administration? Another FDA web page brings together information on approved prescription drugs, some over-the-counter drugs, and discontinued drugs. Visit Drugs@FDA at www.accessdata.fda.gov/scripts/cder/drugsatfda.

MEDICARE PRESCRIPTION DISCOUNT CARD

If you are a Medicare recipient, you may be eligible for a discount card that will help you save money on your prescription drug costs. The size of the discount varies by drug and card. Fees for the cards also vary but can be no higher than \$30. If you have a low income, you might be eligible for a special credit of \$600, and you will not have to pay for the card. For more information visit Medicare.gov or call toll-free 1-800-MEDICARE .

HOUSING

The U.S. Department of Housing and Urban Development (HUD) funds housing counseling agencies throughout the country. These organizations can give you advice on buying a home, renting, defaults, foreclosures, credit issues and reverse mortgages. To contact the agency nearest you, call 1-800-569-4287 or visit the HUD website at www.hud.gov. Homeowners with problems that could result in default of their mortgage or foreclosure on their property are encouraged to contact a HUD-approved housing counseling agency immediately.

In your housing search if you believe you are being discriminated against on the basis of your race, color, nationality, religion, sex, familial status, or disability, contact HUD's Office of Fair Housing at 1-800-669-9777.

Links to other information on housing are available at www.pueblo.gsa.gov.

BUYING A HOME

Buying a home is one of the most complex financial decisions you'll ever make.

- **Consider hiring a buyer-broker who works for you not the seller.** Real estate agents represent the seller not the buyer.
- **Get prices on other homes.** Knowing the price of other homes in a neighborhood will help you avoid paying too much.

- **Have the property inspected.** Use a licensed home inspector to carefully inspect the property before agreeing to buy it.

When shopping for a home mortgage:

- **Research current interest rates.** Check the real estate section of your local newspaper, use the Internet, or call at least six lenders for information.

- **Check the rates for 30-year, 20-year and 15-year mortgages.** You may be able to save thousands of dollars in interest charges by getting the shortest-term mortgage you can afford.

- **Ask for details on the same loan amount, loan term, and type of loan** from multiple lenders so that you can compare the information. Be sure to get the Annual Percentage Rate (APR), which takes into account not only the interest rate but also points, broker fees, and other credit charges expressed as a yearly rate.

- **Ask whether the rate is fixed or adjustable.** The interest rate on adjustable rate mortgage loans (ARMs) can vary a great deal over the lifetime of the mortgage. An increase of several percentage points might raise payments by hundreds of dollars per month.

- **If a loan has an adjustable rate,** ask when and how the rate and loan payment could change.

- **Find out how much down payment is required.** Some lenders require 20 percent of the home's purchase price as a down payment. But many lenders now offer loans that require less. In these cases, you may be required to purchase private mortgage insurance (PMI) to protect the lender if you fall behind on payments.

- **If PMI is required, ask what the total cost of the insurance will be.** How much will the monthly mortgage payment be when the PMI premium is added and how long you will be required to carry PMI?

- **Ask if you can pay off the loan early** and if there is a penalty for doing so.

The Real Estate Settlement Procedures Act (RESPA) requires lenders to give you information on all closing costs and escrow account practices. Any business relationships between the lender and closing service providers or other parties to the transaction must also be disclosed. Many of the fees are negotiable. More information is available from the Federal Trade Commission (p. 124), the Federal Reserve Board (p. 124), and the Department of Housing and Urban Development (p. 117).

For more information on home buying and mortgages, visit Fannie Mae's website at www.fanniemae.com or call 202-752-7000. The Mortgage Bankers Association also offers www.stopmortgagefraud.com.

HOME IMPROVEMENT AND REPAIRS

Home improvements and repairs can cost thousands of dollars and are the subject of frequent complaints. When selecting a contractor:

- **Get recommendations and references.**

Talk to friends, family and others who have used the contractor for similar work.

- **Get at least three written estimates.**

Insist the contractors come to your home to evaluate what needs to be done. Be sure the estimates are based on the same work so that you can make meaningful comparisons.

- **Check contractor complaint records.**

Your state or local consumer protection agency (p. 79) or Better Business Bureau (p. 128) can provide this information.

- **Make sure the contractor meets licensing and registration requirements.** Your state or local consumer protection agency (p. 79) can help you find out what the necessary

requirements are.

- **Get the names of suppliers** and ask if the contractor makes timely payments.

- **Contact your local building inspection department** to check for permit and inspection requirements. Be wary if the contractor asks you

MORTGAGE REFINANCING

Consider refinancing your mortgage if you can get a rate that is at least one percentage point lower than your existing mortgage rate and if you plan to keep the new mortgage for several years. When comparing mortgages, don't forget to include the extra fees you must pay for the new mortgage. You may be able to get some fees waived if you are able to refinance with your current mortgage holder.

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to get the permit—it could mean the firm is not licensed.

- **Be sure your contractor is insured.** They should have personal liability, property damage and worker's compensation insurance for workers and subcontractors. Also check with your insurance company to find out if you are covered for any injury or damage that might occur.

- **Insist on a written contract** that states exactly what work will be done, the quality of materials that will be used, warranties, timetables, the names of any subcontractors, the total price of the job, and the schedule of payments.

- **Try to limit your down payment.** Some states have laws limiting the amount of down payment required.

- **Understand your payment options.** Compare the cost of getting your own loan versus contractor financing.

- **Don't make a final payment or sign a final release until you are satisfied with the work** and know that subcontractors and suppliers have been paid. Some state laws allow unpaid subcontractors and suppliers to put a lien on your home for bills the contractor failed to pay.

- **Pay by credit card when you can.** You may have the right to withhold payment to the credit card company until problems are corrected (p. 18).

Be especially cautious if the contractor:

- comes door-to-door or seeks you out;
- just happens to have material left over from a recent job;
- tells you the job will be a "demonstration;"
- offers you discounts for finding other customers;
- quotes a price that's out of line with other estimates;
- pressures you for an immediate decision;
- offers an unusually long guarantee;
- can only be reached by leaving messages with an answering service;
- drives an unmarked van;
- has out-of state license plates; or
- asks you to pay for the entire job up front.

With most home improvements, federal law gives you three business days to cancel without penalty. Of course you would be liable for any benefit already received. State laws may also provide some protection. See Your Rights: 3-Day Cooling-Off Rule (p. 29). And remember—if you

finance home improvements with a home equity loan and don't make your payments, you could lose your home. See Home Equity Loans (p.21).

INSURANCE

General sources of insurance information include the American Council of Life Insurers (p. 141), the Insurance Information Institute (p. 144), the National Association of Insurance Commissioners (p. 144), and your state insurance department (p. 99). You can also visit these websites: www.pueblo.gsa.gov and www.insure.com. When buying insurance:

- **Find out whether your state insurance department offers any information concerning insurance companies and rates.** This is a good way to get a feeling for the range of prices and the lowest-cost providers in your area. See p.112.

- **Check several sources for the best deal.** Try getting quotes from a website such as www.insweb.com but be aware that many online quote services provide prices for just a few companies. An independent insurance agent that works with several insurers in your local area may be able to get you a better deal.

- **Make sure the insurance company is licensed** and covered by the state's guaranty fund. The fund pays claims in case the company defaults. Your state insurance department (p. 112) can provide this information.

- **Check the financial stability and soundness of the insurance company.** Ratings from A.M. Best (www.ambest.com), Standard & Poor's (www.standardandpoors.com), Moody's Investors Services (www.moody.com), and Weiss Ratings, Inc. (www.weissratings.com) are available online and at most public libraries.

- **Research the complaint record of the company.** Contact your state insurance department or visit the website of the National Association of Insurance Commissioners (www.naic.org), which has a database of complaints filed with state regulators.

- **Find out what others think about the company's customer service.** Consumers rate homeowner insurance companies from J.D. Powers and Associates at www.jdpower.com/homes/insuranceratings.

- **Once you pay your first insurance premium, make sure you receive a written policy.** This tells you the agent forwarded your premium to the insurance company. If you don't receive a policy within 60 days, contact your agent and the insurance company.

AUTO INSURANCE

Getting several quotes on insurance for a motor vehicle may save you hundreds of dollars a year. Other ways to reduce your insurance premium are:

- **Raise your deductibles on collision and comprehensive coverages.** If you have an old car, it may make sense to drop these coverages altogether.
- **Take advantage of discounts.** Some companies offer discounts to motorists who drive less than a certain amount of miles per year, are a student with good grades, have taken a safe-driving course or are over 50 years old. You might also be able to get discounts if you insure more than one vehicle, insure your vehicle and your home with the same company, have had no moving vehicle violations or accidents in three years, have anti-theft devices or have safety features such as air bags.

HOMEOWNER/RENTER'S INSURANCE

You may be able to save hundreds of dollars a year on homeowners insurance by shopping around for insurance. You can also save money with these tips.

- **Consider a higher deductible.** Increasing your deductible by just a few hundred dollars can make a big difference your premium.
- **Ask your insurance agent about discounts.** You may be able get a lower premium if your home has safety features such as dead-bolt locks, smoke detectors, an alarm system,

storm shutters or fire retardant roofing material. Persons over 55 years of age or long-term customers may also be offered discounts.

- **Insure your house NOT the land under it.** After a disaster, the land is still there. If you don't subtract the value of the land when deciding how much homeowner's insurance to buy, you will pay more than you should.

Don't wait till you have a loss to find out if you have the right type and amount of insurance.

BEWARE: INSURANCE FRAUD

- Be wary of people selling insurance door-to-door and over the telephone.
- Be suspicious if, after an accident, a stranger contacts you to offer "quick cash" or recommends a particular attorney or health care provider. Report the incident to your police department.
- Don't give your insurance identification numbers to companies you don't know.
- Carry a disposable camera in your glove compartment. If you are in an accident, take pictures of the damage and the people involved. Ask for names, telephone numbers and driver's license information for all those involved. Contact information for any witnesses is also a good idea.

If you suspect fraud, call the National Insurance Crime Bureau's hotline at 1-800-835-6422. For more information, check out www.insurancefraud.org.

- **Make certain you purchase enough coverage to replace what is insured.** "Replacement" coverage gives you the money to rebuild your home and replace its contents. An "Actual Cash Value" policy is cheaper but pays only what your property is worth at the time of loss—your cost minus depreciation for age and wear.

- **Ask about special coverage you might need.** You may have to pay extra for computers, cameras, jewelry, art, antiques, musical instruments, stamp collections, etc.

- **Remember that flood and earthquake damage are not covered** by a standard homeowners policy. The cost of a separate earthquake policy will depend on the likelihood of

earthquakes in your area. Homeowners who live in areas prone to flooding should take advantage of the National Flood Insurance Program. Call 1-888-CALLFLOOD or visit www.floodalert.fema.gov.

- **If you are a renter, DO NOT assume your landlord carries insurance** on your personal belongings. Purchase a special policy for renters.

HEALTH INSURANCE

Most consumers have health care coverage from an employer. Others have medical care paid through a government program such as

INSURANCE

Medicare, Medicaid, or the Veterans Administration (VA). For information on Medicaid, look in your phone book under Medicaid, Social Services, Medical Assistance, Human Services, or Community Service. Information about Medicare is available by calling 1-800-MEDICARE. Information concerning VA medical care is available from your nearest VA facility.

If you have lost your group coverage from an employer as the result of unemployment, a death, divorce, or loss of "dependent child" status, you may be able to continue your coverage temporarily under the Consolidated Omnibus Budget Reconciliation Act (COBRA). You, not the employer, pay for this coverage. When one of these events occur, you must be given at least 60 days to decide whether you wish to purchase the coverage.

Some states offer an insurance pool to residents who are unable to obtain coverage because of a health condition. To find out if a pool is available in your state, check with your state department of insurance (p. 99).

Most states also offer free or low-cost coverage for children who do not have health insurance. Visit www.insurekidsnow.gov or call 1-877-KIDS-NOW for more information.

HMOs AND PPOs

When purchasing health insurance, your choices will typically fall into one of three categories:

- Traditional fee-for-service health insurance plans are usually the most expensive choice. But they offer you the most flexibility when choosing health care providers.
- Health maintenance organizations (HMOs) offer lower co-payments and cover the costs of more preventative care **BUT** your choice of health care providers is limited.
- Preferred provider organization (PPOs) offer lower co-payments like HMOs. Their advantage over HMOs is that they give you more flexibility when selecting a provider. A PPO gives you a list of providers you can choose from.

WARNING: If you go outside the HMO or PPO network of providers, you may have to pay a portion or all of the costs.

The National Committee for Quality Assurance (NCQA) evaluates and accredits HMOs. You can find out whether one is accredited in your state by calling 1-888-275-7585. You can also get this information as well as report cards on HMOs by visiting its website (www.ncqa.org). Medicare beneficiaries can compare HMO programs at www.medicare.gov and www.medicarenews.watch.com.

When choosing among different health care plans, you'll need to read the fine print and ask lots of questions.

- Do I have the right to go to any doctor, hospital, clinic or pharmacy I choose?
- Are specialists such as eye doctors and dentists covered?
- Does the plan cover special conditions or treatments such as pregnancy, psychiatric care and physical therapy?
- Does the plan cover home care or nursing home care?
- Will the plan cover all medications my physician may prescribe?
- What are the deductibles? Are there any co-payments?
- What is the most I will have to pay out of my own pocket to cover expenses?
- Are there any limits on expenses covered in a year? In my lifetime?
- If there is a dispute about a bill or service, how is it handled? In some plans, you may be required to have a third-party decide how to settle the problem.

LONG-TERM CARE INSURANCE

Medical advances have resulted in an increased need for nursing home care and assisted living. Most health insurance plans and Medicare severely limit or exclude long-term care. Here are some questions to ask when considering a separate long-term care insurance policy.

- **What qualifies you for benefits?** Some insurers say you must be unable to perform a specific number of the following activities of daily living: eating, walking, getting from bed to a chair, dressing, bathing, using a toilet and remaining continent.

- **What type of care is covered?** Does the policy cover nursing home care? What about coverage for assisted living facilities that provide less client care than a nursing home? If you want to stay in your home, will it pay for

care provided by visiting nurses and therapists? What about help with food preparation and housecleaning?

- **What will the benefit amount be?** Most plans are written to provide a specific dollar benefit per day. The benefit for home care is usually about half the nursing-home benefit. But some policies pay the same for both forms of care. Other plans pay only for your actual expenses.

- **What is the benefit period?** It is possible to get a policy with lifetime benefits but this can be very expensive. Other options for coverage are from one to six years. The average nursing home stay is about two and one-half years.

- **Is the benefit adjusted for inflation?** If you buy a policy prior to age 60, you face the risk that a fixed daily benefit will not be enough by the time you need it.

- **Is there a waiting period** before benefits begin? A 20 to 100 day period is not unusual.

DISABILITY INSURANCE

Disability can be more disastrous financially than death. If you are disabled, you lose your earning power. You still have living expenses and, often, huge expenses for medical care. When purchasing disability insurance, ask:

- **How is disability defined?** Some policies consider you disabled if you are unable to perform the duties of any job. Better plans pay benefits if you are unable to do the usual duties of your own occupation.

- **When do benefits begin?** Most plans have a waiting period after an illness before payments begin.

- **How long do benefits last?** After the waiting period, payments are usually available till you reach age 65, though shorter or longer terms are also available.

- **What dollar amount is promised?** Can benefits be reduced by Social Security disability and workers' compensation payments? Are the benefits adjusted for inflation? Will the policy provider continue making contributions to your pension plan so you have retirement benefits when the disability coverage ends?

For more information on disability insurance, visit www.iii.org and www.hiaa.org.

LIFE INSURANCE

Your need for life insurance will change with changes in your life. For example, the arrival of children usually triggers a sharp increase in the amount you need. As children grow older and leave the nest, you will probably need less protection.

Term life insurance policies are the least costly. They pay death benefits only—they have no cash value if you decide to stop making payments. As the word “term” suggests, these policies are in effect for a specific period of time—a year or until you reach a certain age are common. Visit www.accuquote.com for online comparisons of term life insurance.

Whole life, universal life, and other cash value policies combine a long-term savings and investment product with life insurance. Canceling these policies after only a few years can more than double your life insurance costs.

INVESTING

Investors today have a wide range of choices: stocks, bonds, mutual funds, Treasury securities (including savings bonds), options, commodities, commodity futures, real estate investment trusts (REITs), variable annuities and many more. You must investigate before you invest—and remember that every investment involves some degree of risk. These securities are not insured by the federal government if they fail—even if you purchase them through a bank or credit union that offers federally-insured savings accounts. Make sure you have answers to all of these questions before you invest.

- **How quickly-can you get your money back?** Stocks, bonds, and shares in mutual funds can usually be sold at any time, but there is no guarantee you will get back all that you paid for them. Other investments such as limited partnerships, often restrict your ability to cash out your holdings.

- **What can you expect to earn on your money?** While bonds generally promise a fixed return, earnings on most other securities go up and down with market changes. Also keep in mind that just because an investment has done well in the past there is no guarantee it will do well in the future.

INVESTING

- **What type of earnings can you expect?**

Will you get income in the form of interest, dividends or rent? Some investments, such as stocks and real estate, have the potential for earnings and growth in value. What is the potential for earnings over time?

- **How much risk is involved?** With any investment, there is always the risk that you won't get your money back or the earnings promised. There is usually a trade-off between risk and reward—the higher the potential return, the greater the risk. The federal government insures bank savings accounts (see FDIC on p. 123) and backs up U.S. Treasury securities (including savings bonds). Other investment options are not protected.

- **Are your investments diversified?** Some investments perform better than others in certain situations. For example, when interest rates go up, bond prices tend to go down. One industry may struggle while another prospers. Putting your money in a variety of investment options can help to reduce your risk.

- **Are there any tax advantages to a particular investment?** U.S. Savings Bonds are exempt from state and local taxes. Municipal bonds are exempt from federal income tax and, sometimes, state income tax as well. For special goals, such as paying for college and retirement, tax-deferred investments are available that let you postpone or even eliminate payment of income taxes.

The following companies rate the financial condition of corporations and municipalities issuing bonds. Their ratings are available online and at many public libraries.

- Standard & Poor's (www.standardandpoors.com)
- Moody's Investors Services (www.moody's.com)
- Weiss Ratings (www.weissratings.com)

For ratings of mutual funds, consult magazines such as Kiplinger's Personal Finance, Money, Consumer Reports, Smart Money, and Worth.

For stocks, get a prospectus from the company that describes the investment and provides a history of performance over a period of years. The Securities and Exchange Commission requires public companies to disclose financial and other information to help you make sound decisions. You can find the text of these files at www.sec.gov/edgar.shtml.

FINANCIAL BROKERS AND ADVISORS

When selecting a broker or investment advisor, research the person's education and professional history as well as the firm they work for. Ask:

- Have they worked with others who have circumstances similar to yours?

- Are they licensed in your state? Your state securities regulator (p. 103) lists individuals and firms that are registered in your state. Ask if the regulatory office has any other background information.

- Have they had any run-ins with regulators or received serious complaints from investors? Call your local state securities regulator (p.103). You can also check out the database of disciplinary actions maintained by the Securities Exchange Commission and the National Association of Securities Dealers. The database is online at www.sec.gov/investor/brokers.htm or call NASD at 1-800-289-9999.

- How are they paid? Is it an hourly rate, a flat fee, or a commission that depends on the investments you make? Do they get a bonus from their firm for selling you a particular product?

- What are the fees for setting up and servicing your account?

If you are seeking more information or have an investment problem that you are unable to resolve directly, you can contact the SEC (p. 126) or the NASD (p. 145). Additional organizations that may also be helpful are:

- www.Bankrate.com offers a semi-annual rating of the top online brokerage firms that trade stocks and mutual funds.

- www.Validea.com offers data on Wall Street analysts and their recent stock picks.

- The Commodity Futures Trading Commission (p. 111) provides consumer alerts and advisories in the "Consumer Protection" section at www.cftc.gov.

- Both the North American Securities Administrators Association (p. 146) and the National Futures Association (p. 145) can offer helpful information.

BEWARE: INVESTMENT FRAUD

Deceptive pitches for investments often misrepresent or leave out facts in order to promote fantastic profits with little risk. No investment is risk-free and a high rate of return means greater

risk. Before investing, get written information such as a prospectus or annual report. Beware if a salesperson:

- Encourages you to borrow money or cash in retirement funds to invest;
- Pressures you to invest immediately;
- Promises quick profits;
- Says that the disclosure documents required by federal law are just a formality;
- Tells you to write false information on your account form;
- Sends material with typos or misspellings or not printed on letterhead;
- Does not send your money promptly;
- Offers to share inside information; or
- Uses words like “guarantee,” “high return,” “limited offer,” or “as safe as a CD.”

TRAVEL

Whether reserving a hotel room, buying plane tickets or making other travel arrangements, these tips will help you get a deal that delivers what you are promised.

• **Plan as far ahead as you can.** Special deals on hotel rooms and airline seats often sell out very quickly.

• **Be flexible in your travel plans.** Hotels often offer better rates on days when they expect fewer people to be staying with them. After you get a fare quote from an airline, ask if you could save money by leaving a day earlier or later, by taking a different flight on the same day, or using a different airport. Changing planes during your trip is sometimes cheaper than a nonstop flight.

• **Check out the seller.** Ask tour operators and travel agents whether they belong to a professional association, then check to see if they are a member in good standing. Contact your state or local consumer protection agency (p. 79) and the Better Business Bureau (p. 128) to find their complaint history.

• **Comparison shop.** Determine the complete cost of the trip in dollars, including all service charges, taxes, processing fees, etc.

• **Beware of unusually cheap prices and freebies.** It could be a scam and you could end up paying more than that of a regular package tour.

• **Make sure you understand the terms of the deal.** If you are told that you've won a free vacation, ask if you have to buy something else in order to get it. If the destination is a beach resort, ask the seller how far the hotel is from the beach. Then ask the hotel. See Contests and Sweepstakes below.

• **Ask about cancellation policies.** You may want to look into trip insurance for added protection. InsureMyTrip.com offers pricing and policy information on plans from different companies and describes the different forms of policies available.

• **Insist on written confirmations.** Ask for written proof of reservations and dates.

• **Pay by credit card.** It's not unusual to make a deposit or even pay in full for travel services before the trip. A credit card gives you the right to dispute charges for services that were misrepresented or never delivered. If a travel agent or service providers tells you that you can't leave for at least two months, be very cau-

tious-the deadline for disputing a credit card charge is 60 days and most scam artists know this. (See Resolving Credit Problems on p. 16).

In some states, travel sellers have to be registered and insured. Advance payments for travel must be placed in an escrow account until the services are provided. Prizes or “free” gifts may also be regulated. Contact your state or local consumer

protection agency (p. 79) to find out about your rights and how to file complaints. The American Society of Travel Agents (p. 142) will also help resolve disputes with member agents.

BEWARE: CONTESTS AND SWEEPSTAKES

Don't pay if you are asked to give money to claim a prize or get something else free. If you have really won a sweepstakes, you pay taxes directly to the government, not through the company. Beware of invitations that include phrases like:

“You have been specially selected...”

“You have won...”

“A new car! A trip to Hawaii! \$2,500 in cash!”

“Yours, absolutely free! Take a look at our...”

“Your special claim number lets you ...”

“All you pay is postage, handling, taxes ...”

TRAVEL

FEDERAL RECREATION SITES

Thinking about a vacation in the 50 states or U.S. territories? Check out these websites for ideas.

- Recreation.gov. Links to information on reservations, scenic byways, national recreation trails, state tourism sites, and much more.
- www.reserveusa.com. A one-stop reservation service for cabins, campsites and outdoor activities on lands managed by the U.S. government.
- www.FirstGov.gov/Citizen/Topics/Travel_Tourism/State_Tourism.shtml. A directory of travel and tourism sites for U.S. states and territories.

TRAVEL SAFETY

Several federal agencies offer advice and information on the Internet that can help insure you have a safe trip.

- The U.S. Department of Transportation (p. 121) at www.dot.gov offers airline, highway and rail safety information. For example, you can look up crash-safety reports on cars or find out how weather is affecting air travel and road conditions.
- The Transportation Security Administration (p. 116) at www.tsa.gov has advice on safe travel by air, land and sea. For example, they post tips on dealing with airline security checks, traveling with kids, and warnings on prohibited items. Click on Travelers and Consumers.
- The U.S. Department of State (p. 119) at www.state.gov/travel tells what to do before, during, and when you return from a trip overseas. You can also get warnings on locations to avoid and what to do in an overseas emergency.
- The Centers for Disease Control and Prevention (p. 111) at www.cdc.gov/travel offers health-related travel information. You can research vaccination requirements, find information on how to avoid illnesses caused by food and water, and review inspection scores on specific cruise ships.

RESOLVING AIR TRAVEL PROBLEMS

No matter how well you plan, you might encounter these common travel hassles.

DELAYED AND CANCELLED FLIGHTS

Airline delays caused by bad weather, traffic control problems, and mechanical repairs are hard to predict. If your flight is canceled, most airlines will rebook you on their first available

flight to your destination, at no additional charge. If you are able to find a flight on another airline, ask the first airline to endorse your ticket to the new carrier. This could save you a fare increase but there is no rule requiring them to do this.

Each airline has its own policies about what it will do for delayed passengers—there are no federal requirements. If your flight is delayed or canceled, ask the airline if it will pay for meals or a phone call. Contrary to what many people believe, airlines are not required to do so.

OVERBOOKED FLIGHTS

Selling more tickets than there are seats is not illegal. Most airlines overbook their flights to compensate for “no-shows.” If there are more passengers than seats just before a plane is scheduled to depart, you can be “bumped”—left behind against your will. The U.S. Department of Transportation requires airlines to ask people to give up their seats voluntarily, in exchange for compensation. Airlines decide what to offer volunteers—money, a free trip, food, or lodging.

Federal rules protect you if you are “bumped” on most flights within the U.S. and outbound international flights. The airline must give you a statement describing your rights. If the airline is not able to get you to your final destination within one hour of your original arrival time, you may be entitled to an on-the-spot payment as compensation. The amount depends on the price of the ticket and the length of the delay. To receive this payment, you must have a confirmed reservation. You must also meet the airline’s deadlines for ticketing and check-in. An airline may offer you a free ticket on a future flight in place of a check, but you have the right to insist on a check.

DELAYED OR DAMAGED BAGS

If your bags aren’t on the conveyor belt when you arrive, file a report with the airline before you leave the airport.

- Insist that they fill out a form and give you a copy—even if they say the bag will be on the next flight.
- Get the name of the person who filled out the form and a phone number for follow up.
- Confirm that the airline will deliver the bag to you without charge when it is found.

Some airlines will give you money to purchase a few necessities. If they don't provide you with cash, ask what types of articles would be reimbursable, and keep all receipts.

If a suitcase arrives damaged-the airline will usually pay for repairs. If an item can't be fixed, they will negotiate to pay you its depreciated value. The same is true for belongings packed inside. Of course, airlines may refuse to pay for damage if it was caused by your failure to pack something properly rather than the airline's handling.

LOST BAGS

If your bag is declared officially lost, you will have to submit a second, more detailed form within a time period set by the airline. The information on the form is used to estimate the value of your lost belongings. Airlines consider the depreciated value of your possessions, not what you originally paid or the replacement cost. The maximum an airline pays on lost bags and their contents is \$1250 per passenger. On international trips, the limit is \$9.07 per pound.

If the airline's offer doesn't fully cover your loss, check your homeowner's or renter's insurance to see if it covers losses away from home. Some credit card companies and travel agencies also offer optional or even automatic supplemental baggage coverage.

On those trips when you know you are carrying more than the liability limits, you may want to ask about purchasing "excess valuation" from the airline when you check in. Of course, there is no guarantee the airline will sell you this protection. The airline may refuse especially if the item is valuable or breakable.

UTILITIES

In many states, consumers can choose their telephone and energy service provider. Contact your state utility commission (p. 107) to find out whether you have a choice. Some commissions will provide you a list of service providers and advice on making a choice. Most state utility commissions will also take any complaints you have concerning utility sales and service.

ELECTRICITY AND NATURAL GAS

If you have a choice of suppliers, ask:

- **How much will it cost?** How long can I depend on this rate? Are there any other fees I will be charged?
- **Are there any other terms or conditions?** For example, is there a fee if I cancel my agreement before the service period is up?
- **Who do I contact if I have a problem?** Do you have a local customer service office?

Want to save money on your energy bills? The U.S. Department of Energy offers an Energy Saver guide at www.eere.energy.gov/consumer/info.

TELEPHONE SERVICES

Many consumers are now able to choose both local and long-distance phone service providers. These companies offer many optional services such as voicemail, call waiting, caller ID, paging, and wireless services.

Think first about how you use the telephone. Once you have answers to these questions, you can compare services and prices. Your best buy may be a package deal from one company or services from different companies.

- Whom do you call most often?
- What time of day or day of the week do you call?
- Do you want to get messages and if so, do you need voicemail or will an answering machine do?
- Do you need call waiting and/or caller ID?
- How important is it for you to have your telephone with you when you are away from home?

Find out how each company prices its services. Are there minimum use, time-of-day or distance requirements; flat monthly fees; or special plans? For example, wireless service may be cheaper than regular local service if you don't make many calls.

Make sure you're comparing prices on similar plans and features. The nonprofit Telecommunications Research and Action Center (www.trac.org) offers information about long distance rates and wireless service.

The Federal Communications Commission (p. 123) offers consumer information on regulatory changes, how to choose a long-distance carrier,

UTILITIES

how to understand new fees and taxes on phone services, and more at www.fcc.gov/cib. The National Consumers League also maintains a web page (www.nclnet.org/phonebill/index.html) to help you understand all of the charges on your phone bills and help you recognize fraud.

Compare plans and rates at SaveOnPhone.com, LowerMyBills.com, ABTolls.com and PhoneBillCentral.org. Another website, 10-10Phonerates.com, focuses on rates from 10-10 dial-around long-distance services.

SLAMMING AND CRAMMING

“Slamming” is the switching of your long distance or local telephone service without your permission—it is illegal. You may not know you have been “slammed” until you find a different company name on your bill, or your phone charges are higher than normal. If you’ve been slammed:

- Ask your local phone company to switch you back to your original company at no charge;
- Tell the original company you’re switching back, and ask to be enrolled in your previous calling plan; and
- Contact the company that slammed you—its name and number will be on your bill—and tell them you are exercising your right to refuse to pay charges.

If you’re unable to resolve your complaint, contact the Federal Communications Commission (p. 139).

“Cramming” is when companies add charges to your telephone bill for optional services you never agreed to, such as voicemail or “club memberships.” You may not notice these monthly charges because they are relatively small—\$5 to \$30 dollars—and look like your regular phone charges.

To avoid being a victim of slamming and cramming:

- **Consider putting a “block” on changes to your phone service.** Ask your telephone service provider if they offer a blocking service, which usually requires the company to notify you before making any changes to your service.
- **Read the fine print on contest entry forms and coupons.** You could be agreeing to switch your phone service or buy optional services.

- **Watch out for impostors.** Companies may falsely claim to be your regular phone company and offer some type of discount plan or change in billing. They may also say they are taking a survey or pretend to be a government agency.

- **Beware of “negative option notices.”** You can be switched or signed up for optional services unless you say no.

- **Examine your telephone bill carefully every month**—especially the pages that show the details.

Your phone service cannot be shut off for refusal to pay for unauthorized services. For help, contact your local or state consumer protection agency (p. 79), state public utilities commission (p. 107), or the FCC (p. 123).

CELL PHONES

Cell phones that go wherever you go can be very convenient. Before you sign a contract for wireless phone service, there are a number of questions you will want to ask.

- **Where can you make and receive calls?**

Most providers now promote their plans as local, regional or national. A local plan offers a low-cost option if most of your calls are near home. Regional plans generally offer a much larger geographic area—sometimes several states. Beware that if you call outside the area covered by these plans you will be subject to long-distance and roaming charges in addition to the airtime used. National plans are the most expensive but they let you use your phone anywhere in the country and talk to any other location in the country for a single per-minute price. Roaming and long-distance charges are replaced by a single, predictable flat rate.

- **How frequently will you use the phone?**

If you just want a phone for emergencies, an economy plan with a few minutes a month may be all that you need. On the other hand, if you are going to be a heavy user, a plan with several free hours and the lowest air time is a wiser choice.

- **Is a family plan option available?**

Instead of individual cell phone plans for each member of the family, you can share one cellular service plan among several phones. Everyone shares the same pool of monthly minutes. The cost of the additional numbers per month is usually less than if you purchased individual accounts.

• Is the technology digital or analog?

Digital service is more clear and more secure than analog but coverage can be spotty. Analog networks have greater coverage, especially in rural areas. If you want digital service, make sure your cellular company has a “roaming” agreement that lets your phone work on an analog system when you are outside digital range. But beware roaming can be expensive, and it requires a “dual mode” phone.

• **Is there a trial period during which you can test the service?** Many people experience dead spots where a cell phone doesn't work. A trial period lets you test your service in places where you will be using it—for example, in your office, in all the rooms of your house, in your car, and in other places where you travel.

• **Are there any fees or limits on changing your plan?** Some providers charge a fee if you want to downsize or upgrade your plan. Others limit how often you can make changes.

• **What happens if you want to cancel your service?** Most providers have a penalty. This is a concern if you have to move out of the area covered by your plan.

If you want cell phone service only for emergencies or aren't sure how much you will actually use a cell phone once you get it, you may want to consider a prepaid cell phone before you commit to a long-term wireless contract. With a prepaid cell phone, there is no contract to sign and no monthly bill to worry about. You will know exactly how much you spend. The down side of prepaid plans is that you pay more per minute and if you don't use the phone for an extended period of time, you may lose the money in your account.

PRE-PAID CALLING CARDS

Many stores sell pre-paid calling cards. They are sold online, too. Before buying one, know the:

- per-minute rate;
- connection fee;
- maintenance fee; and
- expiration date.

For help finding the best deals on pre-paid phone cards, try www.PhoneShark.com as well as the websites listed previously.

900 NUMBERS

You can get all sorts of information and entertainment services by calling 900 numbers. These pay-per-call numbers are also used for surveys,

contests and charitable fundraising. The “information provider” you're calling sets a price for the service, and bills you through your local telephone company.

900 PAY-PER-CALL SERVICES

Unfortunately, con artists have added 900 numbers to their toolbox. Some use promises of gifts and prizes to try to get you to call. Others make phony offers to help you find a job or get out of debt. Some even claim to be about a family emergency. Be wary of contests, sweepstakes, offers and messages that require you to call a 900 number. Also keep an eye on your monthly phone bill for any unfamiliar new charges.

Both the Federal Communications Commission (p. 123) and the Federal Trade Commission (p. 124) have rules concerning pay-per-call numbers. These rules say that advertisements for pay-per-call services must tell you the cost of the call. This may be a flat rate, a per-minute charge, or calculated on some other basis. Ads must also tell you what is the most you can be charged—if it can be determined. Any minimum or additional charges that you might have to pay must also be identified.

If a call involves sweepstakes, prizes, or awards, the ad must give you the odds of winning AND how you can enter without calling the 900 number. Pay-per-call services cannot advertise directly to children under age 12 unless they are legitimate educational services.

You can deduct the charges you are disputing from your phone bill. Pay the rest by the due date. You should hear back from the company within 40 days and the problem should be resolved within 90 days. If the charges appear on your credit card statement, see Resolving Credit Problems on page 16.

You may have other rights according to state law. Check with your state or local consumer protection agency (p. 79) or state utility commission (p. 107).

To prevent 900 number calls from being made from your phone number, request “blocking” from your local phone company. Some but not all companies charge for this service.

UTILITIES • INTERNET SERVICE PROVIDERS

WATER

The majority of consumers rely on local utilities to provide a safe and ample supply of water. Your local water agency is responsible for sending you an annual Consumer Confidence Report that should list the source of your water, what contaminants may be in the water, and information on the safety levels of contaminants and their effects on health. For more information call the Environmental Protection Agency's Safe Drinking Water Hotline at 1-800-426-4791 or visit EPA's website at www.epa.gov/safewater.

INTERNET SERVICE PROVIDERS

With thousands of Internet Service Providers (ISPs) offering to connect you and your computer to the Internet, choosing the ISP that is right for you can be overwhelming. Some ISPs are very large and well-known—like AOL, MSN, and Earthlink—while others are literally one-person operations. Some companies strictly limit their service to providing Internet access. Others, like your telephone and cable company, may offer Internet access as part of a much larger package of services.

If you have limited Internet expertise, you may want to start with one of the well-known ISPs. They usually offer software on a computer disk that helps you create your account and configure your computer. This software often includes features such as a browser, instant messaging, parental controls, and pop-up blockers that let you get started with no need to install additional third-party software. There may also be 24-7 access to technical support people, who can help you deal with any difficulties. Of course, all of this convenience results in higher monthly user fees. Once you are comfortable with how the Internet works, you may discover you don't need all the 'extras' and switch to a lower-cost ISP.

Whatever your present level of expertise, you will want to consider these factors when selecting a provider.

- **Speed.** For a dial-up modem, does the ISP provide a 56k connection—the maximum speed ordinary phone lines can handle? For a faster connection, you will have to consider moving up to “broadband Internet access,” which lets you access the Internet via high-speed technologies

such as a digital subscriber line (DSL), a cable modem, or satellite.

- **Availability.** For dial-up service, is there a local phone number for access? If you travel, will there be local numbers or a toll-free number that you can call?

- **Modem Ratio.** Since not all users are online at the same time, it is not necessary for an ISP to have a modem for every user. But they should have a user to modem ratio of 10 to 1 or better. The lower the number of users per modem, the better your chance of being able to connect at peak hours.

- **Email.** How many email accounts come with the service? What will be the storage limit on your mailbox? How many days does the ISP keep your mail before deleting it?

- **Website Space.** Do you want to create a personal website? If the answer is yes, find out whether your provider offers web space and software to create your page.

- **Software.** Is there any software required to activate the service? How do you get it? How large is the software? Can you use whatever browser or email program you'd like?

- **Support.** What kinds of support are available—phone, email, chat, etc.? What are the hours of support? Are there any additional charges for support?

- **Special Features.** What services are provided in terms of spam blocking, virus protection, instant messaging and chat rooms?

- **Terms of Service.** Is there a limit to the number of hours per month you can use the service?

- **Cost.** What is the monthly fee for the service? Are there any additional equipment or setup fees? What is the fee for extra email accounts?

SERVICES AND RESOURCES FOR CONSUMERS WITH DISABILITIES

Relay Services

Telecommunications relay services link telephone conversations between individuals who use standard voice telephones and those who use text telephones (TTYs). Calls can be made from either type of telephone to the other type through the relay service.

Local Relay Services

States provide relay services for local and long-distance calls. Please consult your local telephone directory for information on the use, fees (if any), services, and dialing instructions for that area.

Federal Relay Service

The FRS, a program of the U.S. General Services Administration (GSA), provides access to TTY users who wish to conduct official business nationwide with and within the federal government. The toll-free number is 1-800-877-8339.

For more information on relay communications or to obtain a brochure on using the FRS, please call toll free 1-800-877-0996.

Other Services

Consumers who are deaf or hard of hearing, or who have a speech impairment, and use a TTY may receive operator and directory assistance for calls by calling toll-free 1-800-855-1155.

Check the introductory pages of your local telephone directory for additional TTY services.

For a copy of the U.S. Government TTY Directory, please visit www.gsa.gov/frs or write: Federal Citizen Information Center Department TTY Pueblo, CO 81009.

National Library Service for the Blind and Physically Handicapped (NLS)

Library of Congress
Washington, DC 20542
202-707-5100, Fax: 202-707-0712
Toll free: 1-800-424-8567
e-mail: nls@loc.gov
Website: www.loc.gov/nls

NLS offers the free loan of recorded and braille books/magazines, music scores in braille and large print, and specially designed playback equipment to residents of the United States who are unable to read or use standard print materials because of visual or physical impairment. Service is also extended to eligible American citizens residing abroad. While NLS administers the program, direct service is provided through cooperating libraries in the various states, the District of Columbia, Puerto Rico, Guam and the Virgin Islands. Contact NLS for application forms and addresses of cooperating libraries.

Recording for the Blind & Dyslexic (RFB&D)

20 Roszel Road
Princeton, NJ 08540
Toll free: 1-800-221-4792
Website: www.rfbd.org

This national nonprofit, volunteer-driven organization provides recorded and computerized textbooks to people who cannot read standard print effectively because of a visual impairment, learning disability or other physical disability. RFB&D operates 33 recording studios and offices across the country. An 80,000 volume library contains a broad selection of titles, from literature and history to math and the sciences, at all academic levels—from kindergarten through postgraduate and professional. RFB&D offers individual and institutional memberships, scholarship programs and a custom recording service. The cost of an individual membership is \$25 per year, plus a one time \$50 registration fee. Fees for institutional membership range from \$300 to \$800 annually depending on the level of membership and the number of books chosen. RFB&D also offers for nonprofit sale computer and professional books on disk, and specially-adapted tape players and accessories.

PART 2

Even the most savvy consumer has a problem with a good or service at one time or another. It is your right to complain if you have a genuine consumer problem—it is also your responsibility. A problem can't be fixed if no one knows it exists.

CONTACT THE SELLER

The first step in resolving a consumer problem is contacting the seller. You can solve most consumer problems by talking to a salesperson or customer service representative. Do this as soon as possible because some retailers have time limits on returns and refunds. If this doesn't work, ask for a supervisor or manager.

When this fails, try going higher up—to the national headquarters of the seller or the manufacturer of the item. Many companies have a special customer relations or consumer affairs division whose primary function is solving consumer problems. Many companies provide a toll-free number or address for this office on the product label, warranty or other papers given to you at the time of purchase. If this is not the case:

- See page 41 in this Handbook for contact information for several hundred corporations.
- Visit the company's web site. Look for a "Contact Us" link.
- Dial the directory of toll-free numbers at 1-800-555-1212 to see if the company has a toll-free number listed.
- Ask your local librarian to assist you. Most public libraries have reference books with contact information.

As you do your search, keep in mind the name of the manufacturer or parent company is often different from the brand name. The Thomas Register of American Manufacturers—a book available at many public libraries—lists the manufacturers of thousands of products.

With each person, calmly and accurately explain the problem and what action you would like taken. A written letter is a good strategy because you will have a record of your communication with the company. The sample letter on page 40 will help you prepare a written complaint.

- Be brief and to the point. Note all important facts about your purchase, including what you bought, serial or model numbers, the name and location of the seller, and when you made the purchase.

- State exactly what you want done about the problem and how long you are willing to wait for a response. Be reasonable.

- Don't write an angry, sarcastic or threatening letter. The person reading your letter probably was not responsible for your problem, but may be very helpful in resolving it.

- Include copies of all documents regarding your problem. Keep the originals.

- Provide your name, address and phone numbers. If an account is involved, be sure to include the account number.

Keep a record of your efforts to contact the seller; include the name of the person with whom you spoke and what was done, if anything.

REPORT FRAUD & SAFETY HAZARDS

If you suspect a law has been violated, contact your local or state consumer protection agency (p. 79). This agency may take action or refer you to another state organization that has the authority to take action where you live. A local law enforcement officer may also be able to provide advice and assistance.

Violations of federal laws should be reported to the federal agency responsible for enforcement. While federal agencies are rarely able to act on behalf of individual consumers, complaints are used to document patterns of abuse that may allow the agency to take action against a company.

Throughout Part I of this Handbook, you will find references to federal agencies you can contact for more information—this is usually the same agency to contact with your complaint. You can also find the appropriate federal agency by using the online directory posted at www.pueblo.gsa.gov/complaintresources.htm.

People who have no intention of delivering what is sold, who misrepresent items, send counterfeit goods or otherwise try to trick you out of

your money are committing fraud. If you suspect fraud, there are some additional steps to take.

- **Contact the Federal Trade Commission.** Write to the FTC Consumer Response Center, Washington, DC 20580 or call toll-free 1-877-FTC-HELP (1-877-382-4357). You can also file electronically, choose the "File a Complaint Online" link at www.ftc.gov. Complaints about e-commerce across international borders can be filed at www.econsumer.gov.

- **Notify the National Fraud Information Center** (p. 138) operated by the National Consumers League, a nonprofit consumer organization. Call 1-800-876-7060 or visit www.fraud.org.

- **Scams that used the mail or interstate delivery service** should also be reported to the U.S. Postal Inspection Service (p. 127). It is illegal to use the mail to misrepresent or steal money.

Reporting fraud promptly improves your chances of recovering what you have lost, and helps law enforcement authorities stop scams before others are victimized.

If you suspect you have a product that poses a safety hazard, report the problem to the appropriate federal agency:

- **Automobiles**—National Highway Traffic Safety Administration (p. 121)
- **Drugs, medical devices**—Food and Drug Administration (p. 115)
- **Food**—U.S. Department of Agriculture (p. 112), Food and Drug Administration (p. 115)
- **Seafood**—Food and Drug Administration (p. 115), U.S. Department of Commerce (p. 112)
- **Toys, baby and play equipment, household products**—U.S. Consumer Product Safety Commission (p. 111)

GET HELP

Don't give up if you are not satisfied with the seller's response to your complaint. Once you have given the seller a reasonable amount of time to respond, consider filing a complaint with one or more of these outside organizations.

- **State or local consumer protection offices** (p. 79). These government agencies

mediate complaints, conduct investigations, and prosecute offenders of consumer laws.

- **State regulatory agencies** that have jurisdiction over the business. For example, banking (p. 95), securities (p. 103), insurance (p. 99), and utilities (p. 107) are regulated at the state level. State Weights and Measures Offices are concerned with accurate measures and counts of packaged goods. They also check the accuracy of weighing and measuring devices such as supermarket scales, gasoline pumps, taxi meters and rental car odometers.

- **State and local licensing agencies.** Doctors, lawyers, home improvement contractors, auto repair shops, debt collectors, and childcare providers are required to register or be licensed. The board or agency that oversees this process may handle complaints and have the authority to take disciplinary action. Your state or local consumer protection office (p. 79) can help you identify the appropriate agency.

- **Better Business Bureaus** (p. 128). This network of nonprofit organizations supported by local businesses tries to resolve buyer complaints against sellers. Records are kept on unresolved complaints as a source of information for the seller's future customers. The umbrella organization for the BBBs assists with complaints concerning the truthfulness of national advertising and helps settle disputes with automobile manufacturers through the BBB AUTO LINE program (p. 75).

- **Trade associations.** Companies selling similar products or services often belong to an industry association that will help resolve problems between their members and consumers (p. 140).

- **National consumer organizations.** Some of these organizations assist consumers with complaints. Others may be unable to help individuals but are interested in hearing about problems that may influence their education and advocacy efforts (p. 134).

- **Media programs.** Local newspapers, radio stations, and television stations often have Action Lines or Hotline services that try to resolve consumer complaints they receive. To find these services, check with your local newspapers or broadcast stations. See the box on the next page for members of Call for Action.

GET HELP

Call for Action, Inc.
5272 River Road, Suite 300
Bethesda, MD 20816
Phone: 301-657-8260
Fax: 301-657-2914
Web: www.callforaction.org

Call for Action, Inc. is a nonprofit network of consumer hotlines that educate and assist consumers with consumer problems. Listed below are hotlines in major markets staffed with trained volunteers who offer advice and mediate complaints at no cost to consumers. Consumers in locations not listed should call the Network Hotline at 301-657-7490.

WTAJ-TV Altoona, PA 814-944-9336	WXYZ-TV & WJR Radio Detroit, MI 248-827-3362	WABC Radio New York, NY 212-268-5626	KTVI-TV St. Louis, MO 636-282-2222 1-800-782-2222 (IL only)
WBZ Radio Boston, MA 617-787-7070	WINK-TV Fort Myers, FL 239-334-4357	WPVI-TV Philadelphia, PA 866-978-4232	WFTS-TV Tampa, FL 866-428-6397
WIVB-TV Buffalo, NY 716-879-4900	WFMY-TV Greensboro, NC 336-680-1000	KPNX-TV & KNAZ-TV & The Arizona Republic Phoenix, AZ 602-260-1212 1-866-260-1212 (AZ only)	WTOL-TV Toledo, OH 419-255-2255
WJW-TV Cleveland, OH 216-578-0700	KSHB-TV Kansas City, MO 816-932-4377	WTAE-TV Pittsburgh, PA 412-244-4698	KJRH-TV Tulsa, OK 918-748-1488
KKTV-TV Colorado Springs, CO 719-457-8211	WTMJ-TV Milwaukee, WI 414-967-5495	WPRI-TV Providence, RI 401-228-1850	WTOP AM&FM Washington, DC 301-652-4357

DISPUTE RESOLUTION PROGRAMS

Some companies and industries offer programs to address disagreements between buyers and sellers. The auto industry has several of these programs (p. 75). The National Association of Security Dealers offers a program designed to resolve investment-related disputes (p. 145). Some small claims courts also offer a dispute resolution program as an alternative to a trial.

Mediation, arbitration, and conciliation are three common types of dispute resolution. During mediation, both sides involved in the dispute meet with a neutral third party and create their own agreement jointly. Arbitration uses a different approach—the third party decides how to set-

tle the problem. Request a copy of the rules of any program before making a decision to participate. You will want to know beforehand if the decision is binding? Some programs do not require both parties to accept the decision. Also ask: Does participation in the program place any restrictions on your ability to take other legal action?

The American Bar Association (p. 141) publishes a directory of state and local dispute resolution programs.

SMALL CLAIMS COURT

Small claims courts resolve disputes over small amounts of money. While the maximum amount that can be claimed differs from state to state, court procedures are generally simple, inexpensive, quick and informal. Court fees are minimal, and you often get your filing fee back if you win your case. Typically, you will not need a lawyer—some states do not permit them. If you live in a state that allows lawyers and the party you are suing brings one, don't be intimidated. Most judges make allowances for consumers who appear without lawyers. Even though the court is informal, the judge's decision must be followed.

If you file a case and win, the losing party should give you what the court says you are owed without further action on your part. But some losers refuse to follow the court's decision. When this happens, you can go back to court and ask for the order to be enforced. Depending on local laws, law enforcement officials might sell a person's property or take money from a bank account or business cash register. If the person who owes the money receives a salary, the court might order an employer to garnish (deduct money from) each paycheck to pay you.

Check your local telephone book under the municipal, county or state government headings for small claims court offices. Ask the clerk how to use the small claims court. Before taking your own case to court, ask the court if it has information that will help you prepare your presentation to the judge and observe a small claims court session.

LEGAL HELP AND INFORMATION

If you need an attorney to advise or represent you, ask friends and family for recommendations. You can also contact the Lawyer Referral Service of your state, county, or city bar association listed in your local phone directory.

Websites such as www.abalawinfo.org (American Bar Association), www.uslaw.com, www.thelaw.com, www.freeadvice.com, and www.nolo.com may help you with answers to

general legal questions. For information on state-specific legal questions, try the website of the National Association of Consumer Agency Administrators (www.nacaanet.org).

BEWARE: RECOVERY SERVICES

A scam artist has taken your money. Don't be scammed again by a "recovery service" offering to get your money back for you. The service is just trying to take your last dime. There is no charge for filing a complaint with a government agency.

If you cannot afford a lawyer, you may qualify for free legal help from a Legal Aid or Legal Services Corporation (LSC) office. These offices generally offer legal assistance about such things as landlord-tenant relations, credit, utilities, family matters (e.g., divorce and adoption), foreclosure, home equity fraud, social security, welfare, unemployment, and workers' compensation. If the Legal Aid office in your area does not handle your type of case, it may refer you to other local, state or national organizations that can provide help.

To find the Legal Aid office nearest to you, check a local telephone directory or contact:
National Legal Aid and Defender Association
1625 K Street, NW, 8th Floor
Washington, DC 20006
Phone: 202-452-0620
Fax: 202-872-1031
e-mail: info@nlada.org
Web: www.nlada.org

To find the LSC office nearest you, check a local telephone directory or contact:
LSC Public Affairs
3333 K Street, NW, 3rd Floor
Washington, DC 20007
Phone: 202-295-1500
Fax: 202-337-6797
Web: www.lsc.gov

Free assistance may also be available from a law school program where students, supervised by attorneys, handle a variety of legal matters. Some of these programs are open to all. Others limit their service to specific groups, such as senior citizens or low-income persons. Contact a law school in your area to find out if such a program is available.

SAMPLE COMPLAINT LETTER

	<p>Your Address Your City, State, Zip Code Date</p>
	<p>Name of Contact Person, if available Title, if available Company Name Consumer Complaint Division (If you have no specific contact.) Street Address City, State, Zip Code</p>
	<p>Dear (Contact Person):</p>
	<p>Re: (account number, if applicable)</p>
<ul style="list-style-type: none">• describe purchase• name of product, serial number• include date and place of purchase	<p>On (date), I (bought, leased, rented, or had repaired) a (name of the product, with serial or model number or service performed) at (location, date and other important details of the transaction).</p>
	<p>Unfortunately, your product (or service) has not performed well (or the service was inadequate) because (state the problem). I am disappointed because (explain the problem: for example, the product does not work properly, the service was not performed correctly, I was billed the wrong amount, something was not disclosed clearly or was misrepresented, etc.).</p>
	<p>To resolve the problem, I would appreciate your (state the specific action you want—money back, charge card credit, repair, exchange, etc.) Enclosed are copies (do not send originals) of my records (include receipts, guarantees, warranties, canceled checks, contracts, model and serial numbers, and any other documents).</p>
<ul style="list-style-type: none">• ask for specific action• enclose copies of documents	<p>I look forward to your reply and a resolution to my problem, and will wait until (set a time limit) before seeking help from a consumer protection agency or the Better Business Bureau. Please contact me at the above address or by phone at (home and/or office numbers with area code).</p>
	<p>Sincerely,</p>
	<p>Your name</p>
	<p>Enclosure(s)</p>

- state problem
- give history

- allow time for action
- state how you can be reached

Keep copies of all of your letters, faxes, e-mails, and related documents.